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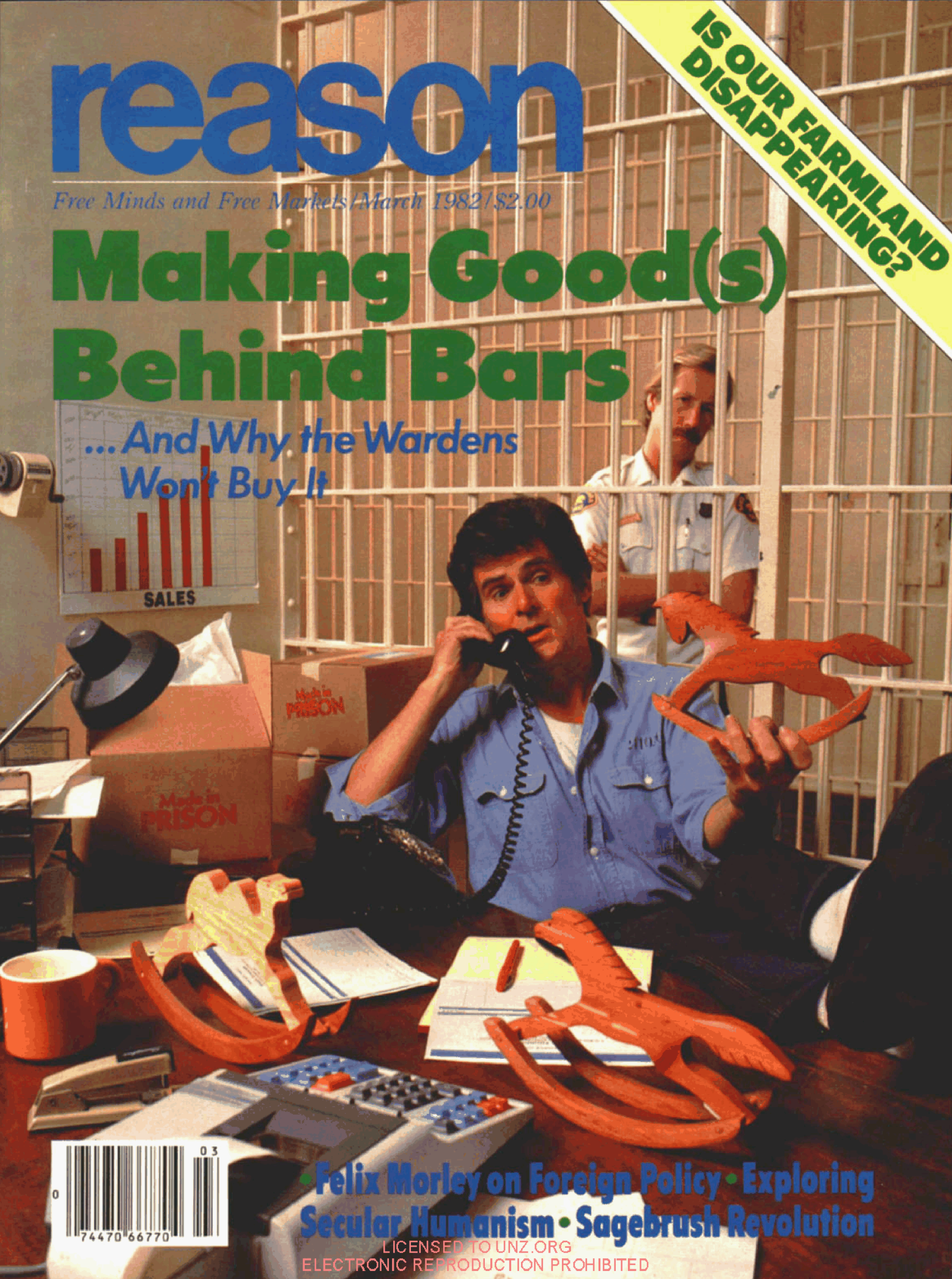
Free Minds and Free Markets/March 1982/$2.00

IS OUR FARMLAND DISAPPEARING?

Making Good(s) Behind Bars

...And Why the Wardens Won't Buy It



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11 Questions on Tax Audits

How many of them can you answer?

1. What should you do if you're called on by an IRS "Special Agent"? (One thing — and one thing only. At once! See page 84 of *The Taxpayer's Audit Survival Manual.)*

2. True or false: the IRS has no good way of checking out those 1099's on your dividends, interest, etc. (The wrong answer on this could cost you. See page 29.)

3. The IRS sends you a form letter questionnaire on your return. Is this cause for alarm? (It may be cause for *relief.* But only if you handle it just right. See page 57.)

4. Should you take a professional to an audit? Who should do the talking? (It all depends. See page 76.)

5. Can your accountant be made to testify against you in a tax case? Your lawyer? (The answer to this may be a real eye opener. See page 142.)

6. Should you attach "explanations" to your tax return? (Caution: they could bring *on* instead of preventing an audit. See page 193.)

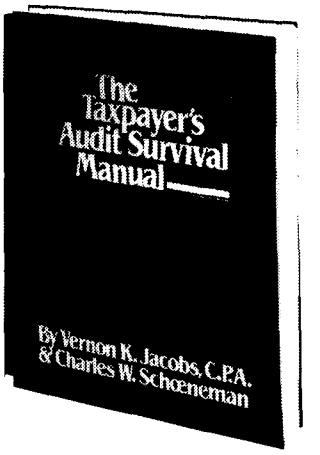
7. Should you "round off" figures on your tax return? (Don't do it before reading page 197.)

8. The tax auditor's in your office. Who should talk to him. Who shouldn't? (Spare yourself trouble. See page 88.)

9. Should you concede arguments early in an audit? If not, what should you do? (Save money. See page 93.)

10. An agent stops his audit without good reason — a sign he may suspect you of criminal fraud. Is there any way to guess at what he thinks you've done? (There may be — if you've taken one precaution. See page 133.)

11. What should you do if you're caught breaking a tax rule? What should you *not* do — ever? (This could be critical to your whole future. See page 93.)



If you don't know the answers to questions like those above (and few taxpayers *do,* even those who are otherwise sophisticated), then in today's tax climate, you're living dangerously.

Dangerously because you may unwittingly and needlessly be risking a tax audit. And dangerously because if you *do* get audited, you may unintentionally get yourself into much more trouble than you started out in.

How can you protect yourself? Now, help is at hand in *The Taxpayer's Audit Survival Manual.*

The authors of this book are two of the nation's top authorities in the field. Charles Schoeneman, formerly with the U.S. Tax Court, is now a Washington tax attorney (with an impressive client list). Vernon Jacobs is a CPA, and a nationally-known tax consultant. The author of *Taxpayers' Counterattack,* he is also the editor of the advisory service, *Tax Angles* — and thus expert on shrewd, yet legal techniques for cutting taxes to the bone, avoiding audits, and coping successfully with the IRS if you *do* get tapped.

These authors know the questions that worry you about audits. They know the answers, too. And they spell out the whole audit story for you in detail in *The Taxpayer's Audit Survival Manual.* You'll learn...

How you're picked for audit — and how to minimize your chances.

- Things that flag the IRS computer. Pg. 22. Three things to always avoid like the plague. Pg. 199
- The one kind of return that's always screened for possible audit. Pg. 24.
- A simple way to make your return look more unchallengeable to IRS screeners. Pg. 191.
- How choosing the wrong tax preparer could bring you up for audit. Pg. 24.
- Why the way you list your job may increase your chance for audit — and how to list it so it doesn't. Pg. 197.
- The best and worst times to file if you want to cut odds of an audit. Pg. 197.

How to protect yourself if you're picked

- The very first thing you should always do when approached by an IRS agent. Pg.74.
- When it's probably O.K. if there's a second agent with your auditor. When it may mean *big* trouble. Pg. 84.
- What records to bring to a desk audit. What not to bring. What to do if questioned on the records you left home. Pg. 64.
- When to cooperate during a desk audit. When to stop cooperating. Pg. 81.
- 10 vital rules for any audit. Pg. 99.
- Should you take an IRS agent to lunch? "Tour" him through your business? Pg. 89, 91.
- 28 signs of possible criminal fraud. How an auditor acts if he's suspicious. Pg. 129.
- When you're required to show the IRS your records. When you're not. Pg. 88.
- A critical mistake that can instantly turn a minor civil audit into a potential criminal case. Pg. 76.

How to handle the aftermath

- The agent's objectives in "closing" the audit. How not to get railroaded. Pg. 100.
- When to agree with an agent on the spot. When not to. What happens then. Pg. 102-5.
- What will happen if you *can* pay. 5 things to do if you can't. Pg. 152.
- The simplest, cheapest way to appeal (but you must act fast). Pg. 166.
- How to use a court suit to force the IRS to compromise. Timing's critical. Pg. 183.

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Free Minds and Free Markets

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MAKING GOOD(S) BEHIND BARS
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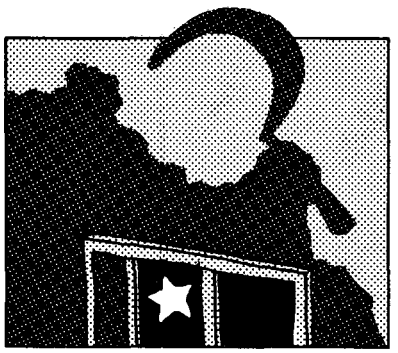

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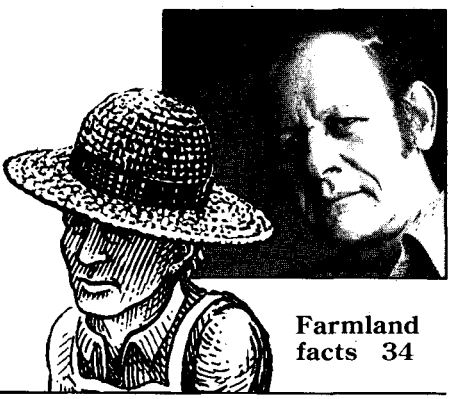

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NOTEs

Our exposé of WHO's infant formula study (Dec.) has caught the eye of William H. Wild, editorial page editor of the Dayton *Journal Herald.* In his December 5 commentary, "WHO's Big Lie Formula Exposed," Wild commended REASON and author James Hickel and summarized the article's main finding: that WHO's own international survey failed to support its contention that infant formula advertising should be curtailed. "Hickel's article ought to be required reading for every high school and college student, every church social action committee, every politician and every journalist," concluded Wild.

Remember "intervenor funding," exposed in these pages by Morgan Norval (see "Kept Critics," July 1981)? This nifty scheme, by which regulatory agencies pay friendly witnesses to testify about expanding the agencies' power, may be on its last legs. The new chairman of the Federal Trade Commission, James C. Miller III, has deleted funding for the program from the agency's 1982 budget request. Meantime, the Food and Drug Administration's use of this practice has been ruled illegal by the Fourth Circuit Court of Appeals. In a case brought by the Pacific Legal Foundation (PLF), the court agreed that the agency could not spend money in this way without express permission from Congress. PLF plans to petition other federal agencies to abolish their intervenor funding programs based on the precedent set by the Fourth Circuit's ruling.

Privatization of air traffic control, first proposed in these pages in January 1979, continues to gain visibility. I did a half-hour interview on the subject on Todd Mezzerow's "Wavelength" program on Chicago's WJEZ on December 12. Several days later I was interviewed by John Osland of the *Minneapolis Star,* whose three-day series on air traffic control made favorable mention of privatization, even quoting an FAA official in favor of it. And on December 29 *Wall Street Journal* columnist Lindley Clark endorsed the idea in an op-ed piece.

In late September I participated in an exciting lecture series, one indication of the change in intellectual fashions. Presented by Bellarmine College and funded by the Louisville (Kentucky) Development Committee, the series is titled "New Perspectives on Community Development." I was the first of six speakers, discussing privatization of local public services. Others in the series include Stuart Butler of the Heritage Foundation on enterprise zones, Robert Bish of the University of Victoria on the pros and cons of metro government, Walter Williams of George Mason University on local licensing restrictions, Oscar Newman of the Institute for Community Design Analysis on street privatization, and Alan Siegel of the Department of Housing and Urban Development on alternatives in public service delivery. The series was developed by Prof. Douglas Den Uyl, a summer research fellow at the Reason Foundation in 1979.

Fans of Ayn Rand will be pleased to learn that the author of *Atlas Shrugged* has formed a company to produce a nine-hour TV miniseries of the famed novel. Ms. Rand announced the project at the New Orleans conference of the National Committee for Monetary Reform, where she was the keynote speaker. She is writing the teleplay herself, she said, after having been unable to find a screenwriter who could write romantic fiction. The project's cost has been estimated at $10 million.

Readers have been asking what book stores are carrying our new book, *Instead of Regulation.* It is not, so far, being carried by the big chains. In New York City you can find it at Laissez-Faire Books, the McGraw-Hill Professional Bookstore, and Scribner Book Stores. In Washington it's available at Book Annex, Sidney Kramer Bookstore, and the Cucumber Bookshop in Rockville, Maryland. In the Boston area the Business School Coop, Harvard Coop, Harvard Medical School Coop, and the Tech Coop all carry it. You can also find *Instead of Regulation* at the Case Western Reserve Bookstore in Cleveland, Krochs and Brentano's in Chicago, the University of Pennsylvania Bookstore in Philadelphia, the University of Connecticut Co-op in Storrs, and the Utah College Bookstore in Salt Lake City. Or it can be ordered from the Foundation for $25 (Calif. residents add 6% sales tax). Sales are going "very well," and publisher Lexington Books expects a second printing.

—R. P.

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EDITORIAL

Red Ink

A spectre is haunting Europe—the spectre of Communism.
Karl Marx, *The Communist Manifesto*

One hundred and thirty-four years after Karl Marx wrote those lines, a specter is indeed haunting Europe. But it's the specter of the bankruptcy of Communism.

Events in Poland illustrate the depth of the Communist system's defects. The Party's claim to be the vanguard of history and the true representative of the working class has been demolished by the cold reality of the Communist world's first military coup.

Besides this political bankruptcy is the literal financial bankruptcy of the Polish state. With its total foreign debt ballooned to $25.5 billion (compared to just $1.1 billion as recently as 1970), and with no means to pay it back, General Jaruzelski's only hope was to persuade somebody to bail Poland out (which the Soviets did, to the tune of $2.5 billion in new hard-currency credits in January).

It's become obvious to everyone *why* Poland went bankrupt. Its socialized economy simply would not work. The generals can point the finger at Solidarity all they want, but the fact remains that the members of the independent trade union were *reacting* to the system's economic failure, not *causing* it. That cause lies in the futile attempt to centrally plan and direct the myriad decisions that make up what is called an economy.

Finally, it has also become increasingly clear that the Communist system, as exemplified in Poland, is morally bankrupt, as well. As everyone but its most die-hard adherents now recognizes, a system grounded fundamentally in envy and operating by means of force is *not* conducive to human growth and happiness. What it *is* well suited for is the consolidation of power of an elite that Milovan Djilas has termed "the new class." One of Solidarity's main goals was to curb the privileges of Poland's new class. The military coup represents the restoration to power of this Party elite.

The disastrous defects of Communism are being recognized around the world. In Eastern Europe, the economic health of the other satellite nations is directly proportional to the extent of their departure from Communist central planning—the extreme case being relatively prosperous Hungary, with its expanding private sector of entrepreneurs and service firms. Yugoslavia has for several decades demonstrated the relative advantages of decentralized "market socialism" compared with the orthodox central-planning variety.

Perhaps the most stunning repudiation of Marxism, though, is taking place today in China. That country's present leadership has taken major steps away from orthodox socialism, including the encouragement of private service businesses and private plots in agriculture, allowing factories to keep most of their profits and gear their production to the market, and even creating free-trade zones along the coast.

And while the Soviets and their Cuban and East German proxies have a strong hold on several African and Arab states, they've been kicked out of Egypt, Ghana, Guinea, and Somalia. Even today, Russians are despised and ostracized in such supposedly Marxist nations as Vietnam and Ethiopia. And the Soviets' disastrous war against Afghanistan has opened the eyes of many Islamic leaders.

How should the people and governments of relatively free societies react to the bankruptcy of Communism? In the specific case of Poland, there's a strong argument that in threatening force against Poland and coercing it into military dictatorship, the Soviet Union has violated Article VII of the Helsinki Accords. (In exchange for final Western acceptance of the 1945 Yalta agreement assigning Eastern Europe to the Soviet sphere of influence, the Soviets agreed at Helsinki in 1975 to respect human rights in those states.) By coercing the Polish government into massive new rights violations, the Soviets have invited sanctions by the other signatories.

What, specifically, should the US government do? Perhaps the most important action would be to cease bailing out the bankrupt Communist regimes. The total Warsaw Pact debt to Western banks and governments is between $70 and $80 billion and growing rapidly. While the government of a free society ought not to forbid private commercial transactions, it can certainly stop encouraging those transactions: by changing bank regulatory policies (which have fostered imprudent balance-sheet treatment of these risky loans), by making clear that it will not rescue banks from any defaults on such improvident loans, and by ending all subsidies for the trade that the loans finance.

Moreover, when such trade has direct military value, there's a case for the government to forbid it altogether. For example, advanced ball-bearing machines, approved for sale to the Soviets in 1972, have been used to produce bearings for MIRV warheads. Recently an illegal trade deal to supply the Soviets with precision mirrors usable in high-energy laser weapons was uncovered and stopped just in time. The Kama River truck plant—partially financed by Export-Import bank loans—produces not just military trucks but also armored personnel carriers, heavy assault artillery, and rocket launchers.

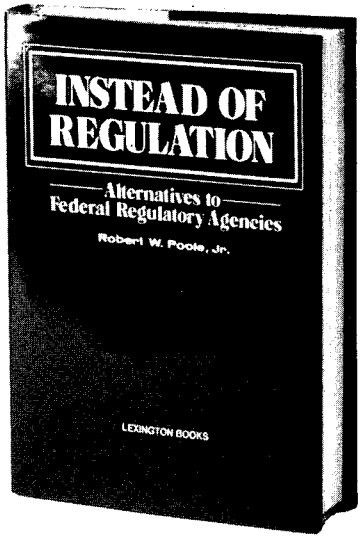
Finally, it's high time we discredited the myth of Communist inevitability: the implicit assumption that Communism is the wave of the future and that every Communist takeover is another irreversible entry in the ledger of history. In fact, as we've seen, Communism's bankruptcy is being recognized all around the world, at a practical level. That system cannot deliver the goods, and it is interested only in power. But what remains is to articulate and disseminate the case for the moral superiority of liberty.

It's high time *we* rewrote Marx's challenge, along the following lines:

Let the communist elite tremble at a libertarian revolution. The working people have nothing to lose but their chains. They have a world to win. Working people of communist countries, unite!

Robert Poole, Jr.

THE BOOK WASHINGTON CAN'T IGNORE



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- *Security for Investors* by George J. Benston
- *Toward Safer Skies* by Robert W. Poole, Jr.
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- *Protecting Workers' Health and Safety* by Robert S. Smith
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WHAT THEY'RE SAYING

Copies of *Instead of Regulation* are being read at the Council of Economic Advisers, at OMB, at regulatory agencies, and in Congress. Sen. Paul Laxalt says the book "provides thoughtful insight on some of the major problems facing us." Rep. Thomas Kindness calls it "a thought-provoking work of central value to everyone concerned with the future role of government in our nation."

Laffer

Leading advocates of the free market have also endorsed the book. Milton Friedman calls it "a sure-fire antidote to regulatory fever — authoritative, lucid, crammed with both evidence and attractive alternatives." Arthur Laffer says, "*Instead of Regulation* sets out the agenda for deregulation in the 1980s." And William Simon calls it "the most thorough debunking of government regulation yet assembled between two covers."

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Letters

Tracking Us Down

Sometimes I wonder which side you people are on. The CIA tracks us on airplanes, buses, trains, etc.—only cars free us from Big Brother's loving care, and now ("Rush Hour Remedy," Jan.) you propose magnetic loops in the highways or identification cards at toll booths!

Dale R. Reed
Seattle, WA

The editors reply: See page 27 of the January issue, third column, about two-thirds of the way down: "A supplementary sticker system could handle out-of-area motorists, infrequent drivers, and those who, for reasons of privacy, preferred not to have their trips recorded on a computer."

Creation Comedy

I have read Mr. Steiner's offering ("The Facts Be Damned!" Dec.).... Besides being a certified accountant and professional magician, Robert Steiner is a writer of comedies. A few more diatribes, and REASON will have become a comic magazine.

John Malinowski
Duxbury, MA

Dishonesty Exposed

Mr. Steiner has done a great service for education by exposing the creationists the way he did ("The Facts Be Damned!" Dec.). True, others had noted that they were nothing but Christian fundamentalists in disguise and that their materials are nothing but thinly disguised apologetics for biblical inerrancy and/or polemics directed *against* science at all levels.

To my knowledge, however, no one before has grouped into one convenient package so much direct evidence of deliberate deceit and charlatanry. Though knowledgeable opponents have known about this all along, none had emphasized it in print. The few who were willing to do so were suppressed by timid editors. Steiner's collection of deceitful tactics together with the strong statements about technical incompetence confers a unique importance upon REASON's expose....

John W. Patterson
Iowa State University
Ames, IA

Evolution Magic?

I was not surprised to discover that your December cover story on the creation/evolution debate was written by a magician who supports himself as a part-time accountant. Robert Steiner's sleight-of-hand with the facts was only outdone by the way he juggled quotations....

What was surprising was that REASON would print such poorly researched material. If the writer had done his homework at a professional level, he would have discovered a well-publicized conference held by evolutionists to adapt their theories to modern criticism. It is freely admitted in the field that the fossil and rock records do not support evolution on firm footing. Creationists have seized upon this as evidence of creation. Evolutionary papers are now being written to describe "interrupted evolution." The writer presumed upon this point far beyond what the scientific community itself does.

What concerns me isn't the intellectual bigotry of a writer looking to be published. It's that a magazine entitled REASON would object to a free-market exchange of ideas in the classroom, as called for in Arkansas. The "vanguard against evolution" offers their arguments coupled with data for debate. If the theory of evolution is in fact the embodiment of truth, it risks nothing in scientific exchange in the classroom. But I shudder to think that we've reached such hostility to theism in this country that it can no longer participate in discussions as a viable worldview. Does REASON support only a free exchange in the economic market system?

Michael Patrick
Virginia Beach, VA

Mr. Steiner replies: After sorting out Mr. Patrick's personal attacks, there is little left to his letter. I challenge his source for the assertion, "It is freely admitted in the field that the fossil and rock records do not support evolution on a firm footing." In what field? Freely admitted by whom? Many scientists are quite clear in their belief in the support for evolution. Later in his letter Mr. Patrick presumes to speak for "the scientific community," again in error.

When the Arkansas legislature mustered a majority vote to require that public school teachers, under penalty of law, teach creationism in science classrooms, that is *not* a free-market exchange of ideas. Perhaps the discussion of a religious worldview could take place in a philosophy class. The question is whether the State should, under penalty of law, require the teaching of religion in science classes. My answer is no.

Science and Politics

I thought Robert Steiner's creation/evolution article was in most respects excellent. I do, however, have two criticisms.

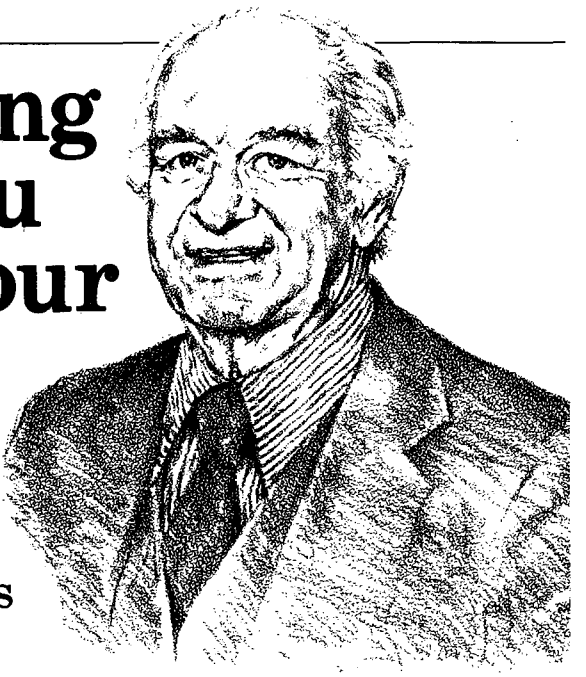
The first criticism is minor and concerns Mr. Steiner's answer to the creationist claim that the odds against "forming even the simplest protein molecule at random" are so fantastic as to be a virtual impossibility. His answer is that many things happen against which the odds are even more fantastic. This is not a very convincing refutation, but there *is* a compelling reason for rejecting this creationist claim.

Isaac Asimov observes that the "fantastic odds" ploy is based on "the assumption that atoms combine in absolute random fashion, *and they don't.* They combine randomly only within the constraints of the laws of physics and chemistry" (*The Planet That Wasn't*). Experimenters have demonstrated that a sterile mixture of chemicals thought to have existed on primordial Earth and subjected to an electric spark readily forms amino acids which, upon heating, combine to form proteins. Asimov concludes: "Given Earthlike conditions it is difficult to see how life can avoid coming to pass."

My second criticism is more serious. Although I am in full accord with Mr. Steiner that creationism is demonstrably unscientific and false, that is not the point when talking about government schools supported by confiscating the earnings of taxpayers. As REASON's readers are well aware, the point is that the very existence of public schools is inconsistent with a philosophy based on liberty.

One wonders how REASON's fine new subtitle of "Free Minds and Free Markets" is consistent with an article which

Nobel Prize-winning scientist shows you how to activate your natural defenses against cancer



Tells how to help your body produce more T-lymphocytes — the killer cells which literally chew up and destroy malignant cancer cells

Dr. Linus Pauling, the only person ever to win two Nobel Prizes. In addition, he was awarded the Phillips Medal for Contributions to Internal Medicine, the Baxter award in anesthesiology, the Gold Medal of the French Academy of Medicine, and the Thomas Addis Medal of the American Nephrosis Foundation.

Over 1,100 Americans die in agony from cancer every day; more than 400,000 people a year.

Moreover, despite all efforts to stop cancer, the likelihood of getting it—and dying from it—has not declined. Indeed, the cancer death rate has inched up some 5.6% since 1950.

Now, in an exclusive interview with *Modern Health Report,* Dr. Linus Pauling shows how a simple nutritional program helps prevent cancer and dramatically reduces deaths among those who already have it. Here are excerpts:

MHR: What clinical evidence do you have that your program really works?

Dr. Pauling: "The results were surprising, even to us. A year after having reached the terminal stage of the disease, all but 4 of the 1,000 patients who did not go on the nutritional program had died [a 0.4% survival rate]. On the other hand, 22 of the 100 nutritionally-treated patients were still living [a 22.0% survival rate].

"The 100 [nutritionally-treated] patients had lived on the average more than four times as long as the others... Some lived over 20 times longer and no longer showed signs of the malignant disease.

"Also, it was our strong clinical impression that those terminal patients treated [nutritionally] had control of pain [and] more energy... They not only lived longer but happier lives as well."

MHR: How does the nutritional program activate your natural defenses against cancer?

Dr. Pauling: "The body's immune system has cells—called T-lymphocyte cells—that attack and chew up the cancer cells. [This program] helps your body produce more of these T-lymphocytes.

"[The program] also helps your body produce 'marker' cells that help the T-lymphocytes spot and destroy cancer cells. And it helps in other ways."

"[One particular nutrient] helps strengthen the connective tissues that hold the body together... [This makes it harder for] the cancerous cells to spread to different, distant parts of the body.

"A high intake [of this nutrient]... leads to the production of more interferon. Interferon acts in some way that isn't well understood to control cancer.

"So [the nutritional program] works to potentiate every one of these operations of the natural protective mechanisms."

MHR: Do you think, then, that you have a complete answer to cancer?

Dr. Pauling: "No. But cancer mortality can be decreased by at least 10%—even among terminal patients. And that could mean saving 40,000 lives in the course of a year."

What to do

These are brief excerpts from *Modern Health Report's* exclusive interview with Dr. Pauling. In the complete interview, Dr. Pauling gives you the specifics of this nutritional program, including: the key supplements and foods... how much of each to take and when to take them... and 2 foods to avoid. In addition, he tells you about:

- Three habits that, by themselves, greatly reduce your chances of getting cancer.
- Why this nutritional program alone is not an effective cancer treatment... Why, instead, it is a helpful—even essential—supplement to all cancer surgery and almost all other treatments.
- What is the single best treatment against the great majority of cancers.
- How to tell when your doctor has given up hope. (Often it's not at all obvious—but you better spot it because in many cases a better treatment would help you survive.)

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This exclusive interview with Dr. Linus Pauling recently appeared in *Modern Health Report*—a plain English monthly newsletter of practical health news.

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implies: (1) it is all right to have public schools; (2) the teaching of creationism in science classes should be banned in these schools; and (3) creationists must be forced to support such a system.

Howard L. Glick
Madison, WI

The editor replies: The propriety of forcing the entire population (via taxes) to pay for public schools has been dealt with in other REASON articles over the years. Mr. Steiner's article was addressed to "free minds" and dealt with the factual question of whether there is any rational basis for considering "creationism" as a proper subject to be taught in *science* classes. The answer, clearly, is no. That a rational treatment of science may offend some believers whose taxes must pay for public schools is yet another argument against public schools, as Murray Rothbard pointed out in his Viewpoint column last September.

Offensive vs. Defensive

Robert Poole's December editorial, "Thinking about Strategic Defense," was the most shocking piece of extremist right-wing claptrap I've yet seen in REASON. . . . Poole argues that "the long-term objective of US policy should be to shift from city-busting ICBMs and SLBMs to a force structure composed of (1) offensive weapons of pinpoint accuracy able to take out military targets with minimal collateral damage and (2) truly defensive weaponry and civil defense capabilities." In short: We must aim for a first-strike nuclear capability. All this in the name of "a morally sound defense"!

The purpose of our not having his points 1 and 2 is that both are of strategic value only for the offensive side—the "first-striker"—in a nuclear war. They are useless once the enemy has unleashed his missiles. Point 1 is useless because our weapons would then be firing on empty silos; point 2 is useless because if the other side has fired first, then there wouldn't be nearly enough time for our population to make it to the local rural bomb-shelters, much less for city-dwellers to evacuate from the packed metropolises. The only value that Poole's two recommendations would have would be if we strike first. He has given the standard definition of "nuclear first-strike capability." His point 1 is the concept of the surgical first strike. His point 2 is offensively useful in case we miss knocking out some of the Soviet missiles.

Poole starts with the assumption that America is "the good guy," and that the USSR is the demonic evil force in the world; so it's okay if this country becomes militarily omnipotent, since we'll use that strength benignly. He's been watching too many pop-sci-fi flicks and reading too many comic books. He should learn that power corrupts the US just as much as any nation. When it comes to international affairs, there are no white knights, just a bunch of frightened and vicious wolves. . . .

Eric Zuesse
New York, NY

Mr. Poole replies: Mr. Zuesse's letter is refuted both by his own words and by the editorial itself. How can "truly defensive weaponry and civil defense capabilities" be "of strategic value only for the offensive side"? How can anyone who read the editorial repeat the specious empty-silo argument, ignoring the Soviet capability to reload their ICBM silos? And there is far more to civil defense than massive evacuation; a realistic civil-defense program could be of immeasurable value in a whole range of possible nuclear war scenarios short of an all-out city-busting exchange (and would be of some value even in that case). And yes, I do start from the premise that America is, relative to the Soviet Union, the good guy—not perfect, not trustable with absolute power; just morally on the side of freedom as opposed to slavery, that's all.

A Gram of Gold Will Do You

For those of you intrigued by the use of gold as a medium of exchange as discussed in "Going for Solid Gold" (Sept.) the following may be of special interest. The use of the gram of gold as a unit of account was presented in *Capital Preservation with Gold Accounting,* by Anthony L. Hargis, printed in 1975. It appears that Hargis and his operation are already offering "choice in currency." There are currently about 500 individuals from across the country, including my business (Morningrise Printing), who use the gram of gold in their transactions with Hargis's company as well as amongst themselves using his company as a clearinghouse.

Jane D. McLaughlin
Costa Mesa, CA

No Defense for Tax-funded Military

I agree with the final point of your January editorial ("A Draft Is No Solution"): "That a free people are *willing* to defend themselves conveys more of what this country is all about than a draft ever could." I must object, however, to the methods by which you propose to bolster the US military. Utilization of tax revenues is implicit in your restructured military incentives. Tax revenues are *not* voluntary contributions to defense. Translated with this fact made explicit, your sentence becomes: "Involuntary military payments convey more of what this country is all about than involuntary military service ever could." Since *both* of these methods of strengthening the military involve coercion rather than freedom of choice, *neither* of them conveys a sense of what I hope we are both working to make this country all about.

Fiammetta Zahnd
Minnetonka, MN

Mr. Poole replies: While the propriety of coercive taxation to fund defense activities was not addressed in the editorial, it would certainly be desirable to end coercion in this area as well. Unfortunately, we have yet to encounter a fully worked-out proposal for voluntary financing of national defense. It's an area worthy of considerable further study by those committed to liberty.

Health Deficiency?

I commend you on the creationism article (Dec.). In the same vein however, I suggest that similar logic be applied to the Health & Welfare column by Pearson and Shaw. These authors consistently rely upon "self-experimentation," anecdotal experiences, and an apparently inadequate capacity to objectively and comprehensively interpret scientific literature on nutrition and aging.

For example, they are doing a great disservice to readers of REASON when they state: "Researchers estimate that a daily intake of 250 micrograms of selenium would decrease the incidence of cancer and heart disease by 70 percent" (Nov.). The importance of dietary selenium cannot be disputed; however, anyone who is familiar with the literature on selenium knows that *no* deficiency diseases have (yet) been attributed to a

(Continued on p. 55)

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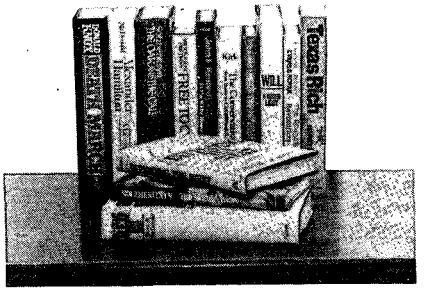

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brickbats

Rep. James M. Collins (R-Tex.), isn't having much luck in finding a cosponsor for his bill to limit Congress to 120 days a year. "The more we meet, the more we spend. It makes us look busier and it justifies our salaries better if we are in session," Collins said. "It's easier to double-talk constituents from here [Washington] with a three-page letter than to face them back home." Sources say the bill doesn't stand a chance.

Lovers of raw goat's milk have found a champion in Christine Solem, a Charlottesville, Virginia, goat farmer who isn't afraid to tell the state Agriculture Department to butt out of her business. But the bureaucrats aren't kidding around when they say they want Ms. Solem to stop selling raw goat's milk to consumers who want to buy it.

Virginia law prohibits raw milk sales to consumers, despite increasing evidence that it is healthier than the pasteurized kind. To get around the regulation, Ms. Solem sold milk labeled as NOT FIT FOR HUMAN CONSUMPTION to a health food store. But the state put a stop to that. So, about two years ago, Ms. Solem got the idea to "rent" her flock of 17 goats to willing consumers at $3 a day. She milks the goats and the customers pick up *their* milk about once a week.

In July 1980, Albermarle Circuit Court Judge David F. Berry refused the state's request for an injunction barring her from distributing raw goats' milk. The judge said those who take the milk are "not the unsuspecting public, but specific individuals seeking unpasteurized milk. I am greatly troubled by this idea that a person needs to be protected from himself by regulations."

The state is appealing the ruling. Ms. Solem says she will be paying attorneys' fees for the appeal at $25 a month for the rest of her life, but the cause is worthwhile.

The US Army has spent $19 million for some smashing new camouflage uniforms designed to promote greater dash and spirit in the troops. The only problem is that the flashy fatigues shrink so much after being washed that they are virtually unusable. Just like the American dollar. The troops now have their orders not to shoot until they see the whites of the clothing manufacturer's eyes.

State-run television, otherwise known as the Public Broadcasting System, is finding out that its concern for the hearing-impaired may soon put the network out of business. PBS initiated the practice of closed-captioning, a system whereby selected programs are augmented with captions that can be seen only if a special decoder box is attached to the TV. The box costs $250. But two deaf Los Angeles women charged that this amounts to financial discrimination. A federal judge agreed—and ordered public TV stations to broadcast all programming with captions or sign language. Unless PBS complies, it could be denied up to $30 million in aid from its daddy, the federal government. If it complies, the court-ordered plan could cost PBS $80 million.

In an example of ironic justice, the court-ordered freeze on current funding may soon claim its first casualty: PBS's late-night rebroadcasts of ABC's *World News Tonight*—open-captioned for the hearing-impaired.

Porn again?? Or, if you can't beat 'em, buy 'em: Members of the First Presbyterian Church of Concord, California, came up with a free-market solution to the problem of having an X-rated movie theater operating next door. They voted to buy it. The congregation approved spending $425,000 to buy the adjacent Showcast Theater, which shows pornographic films.

Dummies and goof-offs who are on the federal dole need not worry about D-plus grade averages. The General Accounting Office found that most of the college students who get federal financial aid are able to keep it no matter how little it's helping them. Ten percent of those surveyed who receive Social Security aid had cumulative averages lower than D-plus. One student received $15,587 over five years but ended up with a grade-point average of 1.35 on a 4.0 scale. If the school had enforced its own standards, the student would have been dismissed after two years of trying to learn how to read, saving the taxpayers $9,136. Another impoverished youth used $2,003 in an Education Department grant to take such courses as snow skiing and yoga. OOOmmmmmmmmm!!

California state officials ordered a newly opened Echo Summit resort to make its restrooms accessible to wheel chairs. But since Sierra Ski Ranch is accessible only on skis, the resort's owners aren't expecting any crush of handicapped vacationers. It's all downhill from here.

—MARK EDWARD CRANE

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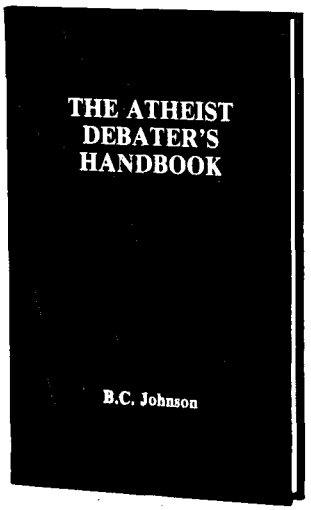

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TRENDS

SAVINGS TO THE RESCUE

Can a $100-billion deficit be noninflationary? That's what the Council of Economic Advisers was saying at year-end. It's true that if the Federal Reserve resists the temptation to monetize the deficit by purchasing federal securities with newly created money, there is no direct inflationary effect. But then the only other way to cover the deficit is for the Treasury to sell more government bonds. And won't *that* crowd out the very private borrowing needed to modernize and revitalize the economy?

Not necessarily. Not if private savings increase significantly, so as to provide ample new supplies of capital. The question is: How much will savings increase over the next few years? Are the supply-side remedies going to succeed in substantially increasing savings?

Many economists think they will. Michael Boskin of Stanford expects the new IRA provisions alone to boost savings by $9 billion a year. Martin Feldstein, president of the National Bureau of Economic Research, notes that if each of the 40 million people in company pension plans—all of whom are newly eligible for IRAs—puts an average of $500 a year into such an account, that would be $20 billion a year in new savings. That would increase the US personal savings rate a full percentage point—from about 5.5 percent to 6.5 percent.

Figuring in the effects of the entire tax package—capital gains tax cuts, reduction of the top marginal rate from 70 to 50 percent, IRA liberalization, and across-the-board marginal rate cuts—forecaster Michael Evans projects that the personal savings rate will climb to 8 percent by late 1983. That's well within the range of Canada's experience. When Canadian tax laws were amended to encourage savings in the early 1970s, the savings rate climbed from 5 percent to more than 10 percent by 1976.

Apart from tax-law changes, reductions in the inflation rate should have a profound effect, says John Rutledge of the Claremont Economics Institute. Rutledge has studied the connection between inflation and people's investment behavior. When inflation goes up, he finds, people shift resources from financial assets to tangible assets—gold, real estate, antiques. The doubling of inflation between 1972 and 1974 caused a 6 percent shift in this direction—some $400 billion. And that, in turn, caused credit to dry up and interest rates to soar.

Today, if the federal government keeps inflation on a downward trend (presumably by *not* monetizing the deficit), Rutledge sees the reverse happening. If the inflation rate falls to 6 percent by year-end, he expects a $400-$500 billion increase of credit supplies during 1982 as people sell tangible assets to invest in bonds, stocks, and other financial assets. That would solve the crowding-out problem handily.

A SPECTRUM OF DEREGULATORY OPTIONS

What price do we pay for de facto government ownership of the electromagnetic frequency spectrum? According to Douglas Webbink, deputy chief of the Office of Plans and Policy of the Federal Communications Commission, "It seems reasonable to believe that society may lose as much as billions of dollars a year in lost productivity" due to the lack of transferable property rights in particular frequencies.

For example, Webbink notes the *13-year* delay in making available to users the new channels reallocated in the landmobile frequency band in 1968; as of 1981 most of the reallocated spectrum still had not been assigned to any particular users. Political management of the spectrum leads to endless wrangling over what is the "public interest," in contrast to the simple process of allocation by the forces of supply and demand in markets based on private property rights. Existing users of the spectrum have no incentive to develop new technology for making more efficient use of their frequency. But they do have strong incentives to spend money lobbying to keep new users out.

Webbink is fully aware of the various proposals to establish outright fee simple ownership of frequencies, but he considers them politically unfeasible at this point. So in a recent paper at a Washington conference (Oct. 19, 1981), he outlined a number of "less radical" proposals aimed at moving toward marketplace allocation. His list includes the following:

- Ensure that users have clear and unambiguous (even if time-limited) property rights, especially in areas (such as mobile radio) where such rights are now nonexistent.
- Allow users to buy and sell licenses—that is, abolish existing "antitrafficking" rules—without FCC approval.
- Limit or prevent the use of "petitions to deny," generally filed by competitors seeking to prevent new entry.
- Allow users to share frequencies in time and space, and allow them to subdivide and combine discrete channels.
- Repeal most technical requirements except those that prevent interference.
- Repeal many artificial regulatory distinctions between common carrier, broadcasting, and private radio.
- Abolish comparative hearings, substituting either auctions, lotteries, or first-come, first-served methods of assigning frequencies.

Webbink also discusses the idea of the FCC charging spectrum user fees but recommends against it, because there is no clear-cut way for the agency to decide on the appropriate level of such fees. The *market,* not the FCC, should decide how much a frequency is worth.

Some of Webbink's proposals would require congressional action to amend the Communications Act of 1934. But Congress is going to have to do that anyway. Webbink's list should give our legislators thought-provoking input in this process.

ENTERPRISING SCIENCE

A consortium of US and Costa Rican universities and research institutes wanted to preserve a site for large-scale studies of tropical ecosystems. So what did they do? They *bought* 1,500 acres of Costa Rican jungle—with funds largely contributed by individual scientists and private foundations.

In an open letter to scientists published in *Science* magazine, 13 biologists each pledged $1,000 to the project and appealed on behalf of the Organization for Tropical Studies (OTS) for further funds. In response to the letter, individuals contributed about $22,000 and foundations another $40,000. Added to already secured funds, this gave OTS enough to buy the $310,000 piece of property.

In a similar spirit of private initiative in matters scientific, at least one would-be entrepreneur wants to make a go at probing Halley's Comet, which will come near the earth in early 1986. The Reagan

administration has nixed NASA funding for such a project, but California rocket engineer Stan Kent thinks that the probe could be done privately. Kent, founder of the Viking Fund that in 1980 raised $60,000 from private contributors to help keep NASA's Viking Mars lander in operation, suggests that the entertainment value of a Halley probe could make it profitable as a private enterprise. His plan is to shoot a spacecraft to the comet and beam back closed-circuit pictures to theaters, which would charge $15 a seat for the event. An RCA spokesman has said that the company would be interested in building the spacecraft but would not try to finance the project itself.

In addition to the Viking Fund, Kent has raised another $40,000 for NASA projects and a separate $50,000 that is going to American scientists who have instruments on a planned European probe of Halley's Comet.

WHAT ABOUT THE ROADS?

The idea that people should pay directly for using roads (see "Rush Hour Remedy," REASON, Jan.) strikes many people as quite radical. Actually, says Michael Beesley of the London School of Economics, that view now represents the consensus among economists. As Beesley summed up this consensus for the International Road Federation's (IRF) 1981 meeting in Stockholm, "The chief instrument of charging should be the economic user charge."

This point was seconded by another conference participant, Christopher Willoughby, director of the World Bank's Transportation, Water, and Telecommunications Department. Willoughby argued that the solution to road transport's present financial problem is to (1) convert gasoline taxes and registration fees into true user charges, (2) explain to users the link between user fees and the solution of congestion problems, and (3) allow private enterprise full freedom to enter the transit market.

Further evidence of the consensus that roads should be operated like businesses comes from several sources. John Semmens of the Arizona Department of Transportation has produced a working paper entitled "Highways as Earning Assets." It looks at the relative "profitability" of each road segment operated by the department, as a tool for deciding where to invest (or disinvest) the department's scarce resources. And Gabriel Roth of the World Bank's Economic Development Institute told the International Symposium on Surface Transportation System Performance last spring that financial profitability rather than cost-benefit analysis should be used as the criterion for making roadway investments.

But doesn't profitability presuppose private ownership? Glad you asked. That thought has occurred to Professor Beesley. In his IRF paper he chastised economists for failing to follow through with the full implications of rational pricing and profitability analysis. Fundamentally, he said, what's needed is the creation of independent "firms" to build and operate roads—Beesley calls them ROs—road owners. At present, he pointed out, construction decisions are made pretty much independently of future decisions about maintenance. And of course, financing is not linked directly to maintenance, either—the damage to pavement done by vehicles goes up as the fourth power of axle loading, but gasoline taxes utterly fail to reflect the differential cost imposed by heavy trucks.

Beesley sees each RO as having a natural monopoly in a particular urban

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area, on the model of water or gas utilities. As he sees it, there would be competition among ROs for skilled people but no direct competition in operating roads. He also recommends "more generous" means of compensating for adverse effects of roads—presumably such matters as air pollution and acquiring rights of way. While admitting that he doesn't have all the answers, Beesley suggests these points as areas worthy of further study. We heartily agree—and would direct his attention to the viability and benefits of competition between electric utilities in the same geographic area ("Two Utilities Are Better Than One," REASON, Oct. 1981).

ECONOMY IN POLLUTION CONTROL

The Environmental Protection Agency has come in for a lot of criticism lately, especially over its handling of the Clean Air Act. A Brookings Institution study ("Cleaning the Air: Reforming the Clean Air Act") by Lester Lave and Gilbert Omenn, argues that both the Clean Air Act and EPA's enforcement of it leave much to be desired. EPA has focused far too much attention on reducing emissions from new sources and far too little on old sources (which are often the worst offenders). It has set arbitrary standards for seven pollutants but has ignored other potentially more dangerous substances. And in some cases its standards have gone to extremes (for example, the ozone standard protects the most sensitive .05 percent of the population) regardless of the costs.

These criticisms parallel many of those made by political scientist Peter Aranson in his chapter on the EPA in the Reason Foundation volume *Instead of Regulation.* But, whereas Aranson suggests radical decentralization of pollution-control responsibilities, Lave and Omenn would continue to have EPA itself set air quality standards while decentralizing only implementation planning and enforcement to the state level.

Where all three authors agree—as do the contributors to the new Resources for the Future volume, *Environmental Regulation and the US Economy*—is that approaches based on economic incentives are preferable to command-and-control regulation. Marketable pollution permits, effluent charges, and an expansion of EPA's "bubble" policy (see Trends, June 1981) would all be steps in that direction.

Just such steps were announced by the EPA in December. The bubble policy—under which emission standards are set for an entire plant rather than for each of its emission sources, permitting the firm to make economic trade-offs—will be greatly expanded. Up till now, only plants already in compliance with the law and in states with EPA-approved air quality plans were eligible. Both restrictions are being done away with. In addition, a company whose emissions drop below required levels will be able to trade or sell its excess pollution allotments via "emissions banks" to be set up shortly. The result will be more pollution control for less money.

IS WELFARE NECESSARY?

That the health and longevity of a citizenry can be assured only by an extensive welfare state is an assumption that has gained the status of dogma throughout much of the Western world. Swedish economist Sven Rydenfelt, writing in the *Wall Street Journal* last

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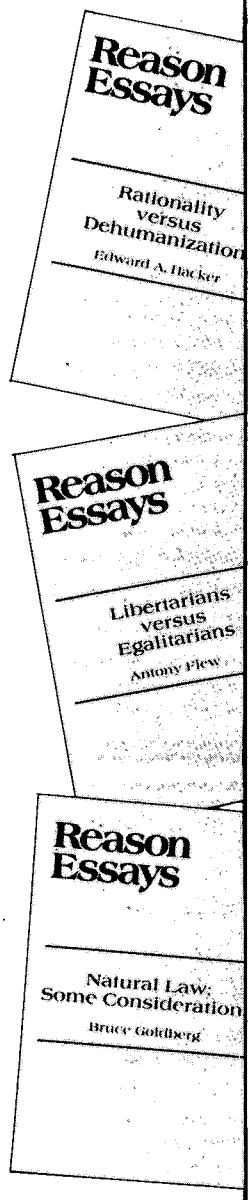

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September, put that assumption to the test.

His method: take an example of an extensive public welfare state—Rydenfelt's own Sweden—and compare its performance in securing the welfare of its citizens to that of a nation that has a strong tradition of private welfare but little public assistance. For an example of the latter, Rydenfelt chose Japan, where, in contrast to Sweden, it is the family or some other private entity—not the State—that takes care of those unable to take care of themselves. Using data from Sweden's National Central Bureau of Statistics and Japan's Ministry of Health and Welfare and applying the World Health Organization's two principal criteria for measuring a nation's welfare—mean life expectancy and infant mortality—Rydenfelt compared these statistics for both nations over the 1960-79 period.

In 1960, the mean life expectancy of a Swede was 73.5 years; of a Japanese, 67.9 years. By 1970, these figures rose to 74.5 and 72.5 for Sweden and Japan, respectively. But by 1979, Japan had surpassed the Swedish life expectancy of 75.6 years with the figure of 76.2. Over the same period, Japan made impressive progress in preserving the life of its infants. In 1960, when in Sweden there were 16.6 deaths during the first year of life per 1,000 live births, Japan had 33.8 such deaths. In 1970, these figures for Sweden and Japan dropped to 11.0 and 12.6, respectively. By 1979, Sweden had 7.5 infant deaths per 1,000 live births; Japan was not far behind with only 8.0.

Swedish media reports on the miraculous achievements of the Japanese economy, Rydenfelt observed, are usually "concluded by a litany about the deplorable situation of old people in Japan, people who lack state pensions, and therefore—according to the welfare state ideology—must live in misery and squalor"; these comments come as "a consolation and a support for faltering Swedish self-confidence." But as the figures show, Rydenfelt wrote, "this is evidently a myth, a myth the Swedes need and, therefore, cling to. If the myth had been true, mortality among old people in Japan would have been higher and life expectancy lower."

PRICING INFORMATION

The information industry—the production and distribution of statistics, indexes, and data—is a $10-billion a year business. And who has the largest single share of this business? You guessed it: Uncle Sam. There's a big problem with federal dominance of this market: the government doesn't compete fairly. Much of its information is sold far below cost or given away. That not only contributes to federal deficits; it also puts private-sector information firms at a distinct disadvantage.

Last fall, however, OMB Director David Stockman circulated a memo telling federal departments and agencies to assess the extent to which their information services either (a) failed to pay their own way, or (b) duplicated services in the private sector. And OMB staff member Kenneth Allen told a Washington conference in October that OMB is trying to develop a system of user charges for federal information services. Noting that a strong information marketplace has developed over the past decade, Allen asserted that the private sector theoretically could take over much of the government's information-providing business.

But no such privatization can come about as long as users are getting information for practically nothing. That's why it's essential to introduce realistic pricing of these services. Which is exactly what's happening with the Landsat program. As of October 1, 1982, the prices of these exquisitely detailed earth-resources photographs and computer tapes will be increased to about two and a half times their current levels. The increase will come about shortly after the new, higher-resolution Landsat-D goes into service, following its July launch.

Control of the Landsat program will pass from NASA to the Commerce Department in early 1983 as a step toward commercialization of the service. The final step, planned but not yet scheduled, will be privatization—turning the service over to a private firm. At that point prices will have to go up another notch, since they will then have to include the cost of building and launching the satellite, not just of receiving stations and processing operations.

ZAMBIA: WORKERS UNITE FOR CAPITALISM

Echoing the cries of Poland's Solidarity movement, Zambia's powerful trade unions are demanding that President Kenneth Kaunda's socialist government reduce its control of the nation's failing economy and allow private enterprise to pick up some of the pieces. So far, despite growing pressure from the unions and threats of strikes by workers in the mining industry, which provides more than 90 percent of Zambia's sorely needed hard currency, Kaunda has refused to give in to the unions' capitalist demands.

With ownership in 100 companies, the Zambian government directly controls 80 percent of the country's economy. But many Zambians now complain that goods are becoming more scarce and more expensive. Productivity, health care, and education are collapsing, they say—and they're blaming it on socialism.

Though the unions, which are the nation's only organized bodies other than the ruling United National Independence Party, have not yet waged a full-scale confrontation with the State, the union-government relationship increasingly is an adversary one. Kaunda has on several occasions taken punitive actions against dissident union leaders, which has had a unifying effect on the union rank and file. Observers predict that unless Kaunda can set right his government's economic failures—the results of socialist policies, critics charge—he must face mounting opposition from an increasingly capitalist trade-union movement.

ELECTIONS REGULATION LOSES VOTES

Despite last fall's 13-to-12 vote by the Senate Appropriations Committee turning back an initiative originated by Sen. Ted Stevens (R-Alaska) to cut off funding to the Federal Election Commission, political pressure against the FEC continues to mount.

Unless the 1971 Federal Election Campaign Act is revised to reduce FEC control over campaign financing, Senate conservatives plan a push to stop funding the FEC by the end of March. And a coalition of nearly 15 senators, aides to former Sen. Eugene McCarthy, and the American Civil Liberties (ACLU) led by Sen. Roger Jepsen (R-Iowa) has assembled with the goal of cutting back the FEC's power. McCarthy's 1976 presidential campaign has been a target of a two-year FEC investigation, and the ACLU's beef with the FEC centers around the commission's recent proposal to restrict companies' and unions' efforts to distribute election-related information such as a candidate's voting record.

In Congress, hearings by the Senate Rules Committee are expected to produce a convincing enough case to curb

the FEC's powers, possibly by transferring the function of gathering data on candidates to the General Accounting Office. Almost certain to issue from the Senate hearings are increases in campaign contribution limits, which now are $1,000 per election for individuals, $5,000 for political action committees.

In a related issue, the US Supreme Court in December overturned a Berkeley, California, law limiting to $250 an individual's contribution to local initiative or referendum campaigns. By a vote of 8 to 1, the Court viewed the law as a violation of First Amendment guarantees of free expression and association. Similar laws in localities throughout California and the rest of the nation are thereby rendered unconstitutional.

BANKING FREEDOM DOWN UNDER

Something called the *Campbell Report* is the subject of much recent talk in both political and financial circles in Australia and elsewhere. Published in mid-November last year, the 870-page document details the case for deregulating the financial-services market in Australia. "The most efficient way to organise economic activity," the report boldly states, "is through a competitive market system which is subject to a minimum of regulation and government intervention."

The report's main recommendations for changing the nation's financial system:

- grant unrestricted licenses to at least a few foreign banks (which now are strictly regulated in their operations in Australia);
- abolish all interest-rate controls and subsidies;
- eliminate barriers that block non-bank financial institutions from offering banking services; and
- dismantle all foreign-exchange controls.

As if these proposals wouldn't stir up enough controversy, the report goes on to raise the hackles of stockbrokers by recommending that brokers' commissions be negotiable (rather than fixed), that brokerage firms be incorporated, and that entry to exchanges be eased.

While the report was heartily welcomed by most bankers and businessmen, politicians' reactions have not been unanimously enthusiastic. The proposal, for instance, to remove interest-rate subsidies to farmers and on home loans has not met with much political approval. Australian treasurer John Howard, who originally commissioned the report, said in response to the document's proposals that the government must consider "social and political sensitivities" and not only "economic efficiency." That may give a clue to how many of the report's suggestions will actually be implemented. But even the enactment of its most politically palatable parts—such as the entry of foreign banks—would be a move toward a freer market.

CT COST CUTTING

The computerized tomographic (CT) scanner is not only a medical breakthrough—it's also a means of cutting medical costs. That's the startling conclusion of a conference of medical experts, sponsored by the National Institutes of Health (*Science,* Dec. 18, p. 1327).

Actually, that conclusion will surprise few people in the medical community, but it flies in the face of bureaucratic orthodoxy. For the past decade the federal government has harassed hospitals seeking to acquire CT scanners, forcing them to go through a long, drawn-out, and costly "certificate of need" process to justify the acquisition. The legal cost of this process can be as much as $100,000—the price of a good head scanner. After all that time and money, the request might still be denied. Yet the rationale for the whole exercise was to *hold down* medical costs!

In fact, however, conference attendees pointed out that scanner use *decreases*

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medical costs. A typical diagnosis procedure for pituitary tumors used to require $2,000-$3,000 and a 5.7-day stay in the hospital. But the same result can be accomplished with a $180-$300 scan and only 1.5 days in the hospital, reported David Norman of the University of California at San Francisco.

Indeed, CT scanners have "transformed the diagnosis and much of the management of structural disease of the brain and its surrounding tissue," according to the conference report. Added Ronald G. Evens of the Washington University School of Medicine, "CT to a neurologist is like chest X-rays to an internist." Perhaps with these ringing endorsements of the cost-effectiveness of CT scanners, the feds will get out of the way and allow the medical community to go on about its business.

THE PRICE OF FREE HEALTH CARE

Medicare and Medicaid programs now involve 49 million participants. Both have turned out to be far more expensive than projected. While rising medical costs account for part of that, analysts have also pointed out that the original projections failed to take account of this phenomenon: people who are offered a free service can be expected to utilize it more than they did before it was free.

The relationship between payment for and use of medical services was recently tested in a major study conducted by the Rand Corporation for the federal government. Preliminary results were published in the December 17 *New England Journal of Medicine.*

Involving 7,706 people in six sites nationwide, the $63-million study showed that, whereas people who pay nothing for medical care visit the doctor an average of five and a half times a year, people who bear part or all of the cost go to the doctor an average of three and a half times per year. Adults on cost-sharing plans are also hospitalized less often than their counterparts who pay nothing out-of-pocket. (The hospitalization frequency of children is unaffected by cost sharing.) The net effect is that fully insured people spent 50 percent more on health care than those who shared the costs.

Critics of cost-sharing proposals as a way ultimately to reduce ever-rising medical costs claim that cost sharing may prevent some from seeking necessary care and thereby adversely affect these people's health. The Rand study did collect comparative health-quality information, but it will not be available for some months. These data should provide answers to whether the cost barrier results in significantly lower levels of health or, conversely, whether the additional use of the health-care system by those receiving free care is unnecessary.

With the Reagan administration cutting back on Medicare-Medicaid funding and searching for ways to encourage medical cost containment, the Rand study results are bound to figure in discussions of health care for the disadvantaged. Perhaps the simplest—and yet most radical—proposal of how to provide health care to those who can't afford it comes from a practicing physician. Writing in the October 1981 issue of *Private Practice,* Dr. Sanford Marcus suggests that physicians should follow his example: don't participate in the Medicaid program, but simply give 10 percent of one's time in free service to the poor.

Medicine, writes Marcus, has a long "history of giving freely of its service to the poor." That tradition continues but has been bureaucratized: Marcus calculates that, given present rates of Medicaid reimbursement, a physician whose caseload is 20 percent Medicaid patients will receive only 87.6 percent of what a full-paying patient caseload would yield. So rather than give a more than 12 percent discount—and have to suffer through all the paperwork that comes with the system—Marcus suggests that doctors tithe their services for the poor.

One of the socially desirable consequences of this, the doctor suggests, would be to restore charity to its proper place; for, he writes, "charity is, or should be, a completely private affair," one that "the Welfare State" has "elbowed aside as being old-fashioned and degrading to the recipients." Marcus adds that for the physician, "the personal satisfaction is enormous."

CAPITALISM CREEPS IN

It is no secret that the declining performance of central planning has pushed the leaders of several socialist nations to introduce elements of capitalism into their economies. What *is* news is how far some of the capitalist measures go. Recent examples of such radical reforms have emerged in China, Hungary, and the Soviet Union.

In a two-year-old experiment, a Shanghai diesel factory that does $65 million in business yearly has been allowed to keep a percentage of its profits, all of which used to be handed over to the state. Some of the retained profits are reinvested in the plant and some go for workers' welfare facilities—such as new housing—and for bonuses.

Management and workers both, says the plant's production director, now have real incentives to improve performance instead of merely meeting state quotas. Apparently, the state too is pleased: since the reform, state revenues from the plant—in taxes, not profits—have increased.

The Chinese government has also given urban workers the right to find their own jobs—and has eliminated its 30-year-old guarantee of a state job. The government admits that it can no longer give jobs to the country's rising number of unemployed, and it has urged the jobless to seek jobs in private and cooperative businesses. (In 1980 and 1981, this sector of the economy provided 50 percent of the nation's new jobs.) To increase the opportunity of employment in this sector, the government now allows businessmen to hire seven—rather than two—employees without being charged with capitalist exploitation.

Two other significant reforms are in the works. Many small state enterprises will be turned over to their employees as either cooperatives or privately owned businesses, in order to increase their productivity and responsiveness to the marketplace. And the service trades will be freed of centralized planning, allowing them to operate without the interference of daily government regulation.

In Hungary, citizens are now permitted—by a new law that went into effect the first of this year—to form private companies employing up to 30 individuals. The law also permits the formation of limited-liability corporations—a unique development in socialist-bloc nations. (Competitive enterprise is not a novelty in Hungary—major businesses are largely self-managed and operate with a price-based system, and profit-sharing makes up a major portion of a manager's pay.) An additional reform will abolish the dual exchange rate of the forint, Hungary's currency, in favor of a convertible currency with a uniform exchange rate, thus improving Hungary's international commercial status—particularly with the West.

Soviet workers who perform outstandingly may now receive wages of as much as 50 percent above the average, and inventors whose devices improve produc-

tion will be given patent royalties. Directors of Soviet enterprises now have the authority to reward workers with pay raises; and as an incentive to save energy, managers now are authorized to distribute part of the savings in bonuses. The measures are designed to stimulate initiative and performance in an economy that is in a sharp decline.

TRADE QUOTAS: WHOM DO THEY HURT MOST?

"Voluntary" export quotas, or Orderly Marketing Agreements (OMAs), have been negotiated for many commodities exported to the United States, including steel, television sets, cars, certain foods, and textiles. Two claims regarding such quotas—that their costs to American consumers in higher prices are high relative to any benefits to American producers and workers and that large profits from ownership of quota rights have gone to foreign producers—have sparked controversy over OMAs. And though economists and other observers of international commerce recognize the importance of OMAs as nontariff trade barriers, little empirical analysis of such quotas and their economic consequences has been available.

Now, however, in a recent study released by the Center for the Study of American Business at Washington University (St. Louis), economist Joon H. Suh has provided quantitative data on OMAs covering Korean footwear exports to the United States. Suh investigated how the quotas have affected both Korean producers and American consumers.

The prices of the restricted products did indeed go up, found Suh. In the two years following the imposition of quotas on Korean nonrubber footwear, average prices increased 45 percent and 22 percent, compared to a 4 percent increase in the previous year. Moreover, the costs of quotas fall on American consumers "in a highly regressive way." Using data on average consumer purchases of footwear by income level, Suh calculated that a family in the lowest income group is forced by the footwear quotas to pay an implicit tax three times higher than a family with $25,000 or more income.

Suh also found significant economic damage to producers in the exporting country. First, smaller firms with less political power are discriminated against in the quota allocation process. But even the larger firms may not benefit: it depends on whether increased per-unit profits are large enough to make up for the mandated decrease in quantity. Suh found that the rate of return on the stocks of Korea's major footwear exporters dropped dramatically when the quotas were agreed on and remained below market stock levels during the study period (in contrast to the three previous years, when footwear stock performance closely tracked all stocks).

The study supports President Reagan's June 1981 decision not to extend OMAs in footwear. But Suh predicts similar effects—damage to foreign producers and an inequitable burden on American consumers—from other OMAs on consumer goods, including the recently negotiated restrictions on Japanese car exports to the United States.

ON THE SHORES OF LAKE TURKANA: EVOLUTION

As noted in our December cover story, one of the arguments advanced by "scientific creationists" is that the fossil record fails to provide direct evidence of the transformation of one species into

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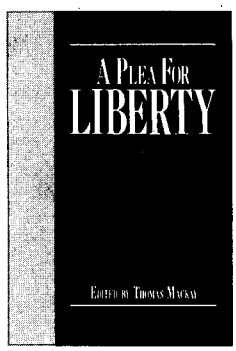

A Plea For Liberty
An Argument Against Socialism and Socialistic Legislation

Edited by Thomas Mackay
Introduction by Herbert Spencer
Foreword by Jeffrey Paul

Twelve essays, first published in 1891, by British authors investigating the impact of "social legislation" upon the people and economy of Great Britain and Australia at the turn of the century. The discussion is both theoretical and empirical. Among subjects considered are: labor unions and labor under coercion or freedom; the condition of the working class; effects of protectionism on labor, agriculture and industry in Australia; free libraries; the role of the State in education; the Post Office, State housing, and State ownership or regulation of utilities. Hardcover $13.50, Softcover $6.00.

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another. Although not strictly correct, this criticism has gained some credence because of the lack (for very good reasons) of detailed examples.

But just such an example has recently been unveiled. As reported in *Science* (Nov. 6), Harvard paleontologist Peter Williamson has published a paper in *Nature* documenting the evolutionary steps from one species of snail to another. The site was Lake Turkana in northern Kenya. Williamson examined 3,300 fossils from 13 different species of snail, through a depth of 400 meters of sediment, covering several million years.

His findings lend support to the "punctuated equilibrium" model of evolutionary change. Rather than being a slow, continuous process as Darwin had assumed, evolution apparently consists of long periods of equilibrium or stasis, punctuated by "short" (5,000- to 50,000-year) bursts of change when new species develop. These periods tend to be periods of stress—in this particular case, there were two periods when the lake level dropped sharply. During such periods, especially in isolated populations, the normal homeostatic mechanisms break down, genetic changes occur, and new species develop out of old ones.

Detailed fossil records of such periods are hard to find for two reasons. First, new species tend to develop in *isolated* populations; it is only when the new species migrates into the "ancestral range" of its relatives that large numbers of it are found in the fossil record—apparently appearing out of nowhere without transitional forms. Second, the time periods involved are, as noted, short by geological standards (25,000 years compared to a million). Thus, a record of that particular slice of time may be difficult to find.

But the beauty of Williamson's find is precisely its freedom from these problems. The transitional stages are present, as are short-lived species that lasted only as long as the periods of stress. Next time you need an example of transitional forms between species, remember the snails of Lake Turkana.

LESS GOVERNMENT IN THE YEAR 2000?

Over the next 10 to 20 years, America's communities will be forced to adopt a survival strategy that includes reducing public expenditures, curtailing the demand for public services, recovering independence from the federal government, and decentralizing regional government. This is the thesis of a study by the International City Management Association's (ICMA) Committee on Future Horizons of the Profession, authored by the association's associate director, political scientist Laurence Rutter. Many of the trends Rutter observes—and the specific tactics he suggests to deal with them—may point toward a future of less government.

A continuing pattern of limited economic growth will force communities to rely more on "increased involvement of the private sector in traditionally public sector concerns," notes Rutter. "Contracting out will be much more popular," he writes, and "volunteerism will become necessary if not fashionable." In the coming era of cut-back services, Rutter suggests, "citizens and commercial establishments can undertake a great many activities for which they may not be willing to pay taxes"—for example, sweeping streets, caring for public trees in front of homes and businesses, and maintaining neighborhood parks.

Rutter also foresees the development of alternate forms of already-existing services to meet new needs of a changing, shifting demography. In transportation, for instance, new demands will be made by a growing number of active elderly citizens; these may be met by jitneys, shopping center buses, and subsidized cabs.

To regulate the demand for certain public services, Rutter endorses the institution of user fees. These may be applied to services as varied as trash pickup (higher fees charged for more frequent collection) and police patrol--"In Maryland, for instance," Rutter writes, "the state police literally lease their officers on a county-by-county basis in a 'resident trooper program.' " Some counties are willing to pay to have a trooper stationed in their area; others are not. Rutter also points out that in the near future community governments "run considerable risk of being swallowed up by the central government," due to a trend of increased dependence on federal funds. To thwart the unsettling prospect of communities having "the vast majority of their essential activities...circumscribed by the central government," Rutter advocates that local governments "buy back their independence": communities should learn to take "a particularly cold look at grants from the central government."

Rutter observes that "many virtues of small-scale policymaking and service delivery have been overlooked." The rediscovery of the effectiveness of local government—as opposed to central government—will move communities in the direction of decentralizing services and programs.

The ICMA study—entitled *The Essential Community: Local Government in the Year 2000*—provides a fascinating scenario of the future of communities and how they must govern themselves accordingly. The alternatives that the study sets forth deserve the attention of every community that now faces extinction by the unchecked growth of Big Government.

MILESTONES

• *Rail Sale.* In a tentative agreement with the Federal Railroad Administration, two private railway companies will buy many Consolidated Rail Corp. (Conrail) lines in New England. Providence & Worcester Co. will take over—for $75,000—Conrail lines in Rhode Island; the price of Boston & Maine Railroad's acquisition of Conrail lines in Connecticut and Massachusetts isn't set yet. This would be the first selling off of the federally funded lines.

• *Resisting Prosecution.* In its preparations for the prosecution of draft-registration resisters, the Justice Department has used Social Security information that was provided to the Selective Service System (SSS). The White House, however, has subsequently announced that it considers the transfer of Social Security information to the SSS a direct violation of the Privacy Act of 1974.

• *Bonds of Gold.* Sen. Steve Symms (R-Id.) has introduced a bill to authorize the issuance of government bonds that could be redeemed in gold or cash, whichever the holder chooses. The bonds, to be issued in denominations of one, five, and ten kilograms of gold, would bear interest of two percent per year with a 50-year maturity. Bond revenues would be used for public expenditures and to retire the national debt.

• *Reporting Retrenchment.* In December the Federal Trade Commission dropped a rule that required companies to provide detailed data of the profits of each line of business. The rule had been strongly criticized as imposing costly paperwork on business and providing only for possible FTC "fishing expeditions."

—ROBERT W. POOLE, JR., AND ERIC MARTI

Making Good[s] Behind Bars

Entrepreneurship threatened to rehabilitate Maine's prisoners—but the authorities couldn't handle it.

Jim Daniels

Aerial view of Maine State Prison

By Jeffrey Shedd

By 5:00 A.M., April 16, 1980, trained snipers lined the perimeter walls of Maine State Prison, home for 365 inmates. Nearby, at the local headquarters of the Maine state police, approximately 150 riot-prepared police and national guardsmen awaited the order to move. So complete had been the secrecy surrounding the upcoming maneuver that only hours before had they been informed of their mission: a "lockdown" of the prison, with all inmates confined to their cells 24 hours a day and an extensive search and seizure operation carried out.

Outside the prison, a tense director of the Bureau of Corrections, Donald Allen, coordinated affairs via walkie-talkie. Shortly before the lockdown began, Allen persuaded a local television crew, who had somehow gotten wind of the impending move, to leave off their camera lights near the prison. Such lights, Allen warned, could alert the inmates behind the walls and cost lives.

At 6:00 A.M. the troops began their move, crossing first through the administrative area before fanning out through the rest of the prison. The 10-week lockdown of Maine State Prison had begun.

And what was the dramatic lockdown designed to accomplish? The end of a riot? The freeing of hostages?

No, the answer to that question is far less dramatic and far more fascinating.

The lockdown of Maine State Prison, planned and prepared for months, was designed to impose state control over a market economy operating behind prison bars, controlled by the inmates, and centered around the production and sale to the public of wooden crafts and novelties. When the riot troops moved into the prison, what they found was not a life-threatening situation—all the prisoners had been locked in their cells overnight, and most were just waking up when the invading army arrived—but prisoner-made novelties, stacks and stacks of them, some finished and some unfinished, piled into every bit of spare space in the prison; in the cells, in the industrial shops, in the recreation room, in the laundry, everywhere.

All told, the lockdown and changes wrought during the period destroyed entrepreneurial inmates' thriving businesses, some of which may have been netting their bosses in excess of $30,000 a year; threw hundreds of inmates out of work; imposed idleness on a large portion of Maine State prison's inmate population; and cost Maine's taxpayers at least $700,000. Worse than any of its other accomplishments, however, the lockdown represented a triumph of mainstream, paternalistic, costly bureaucratic correctional thinking and a failure of imagination on the part of Maine's correctional and political establishment. It wasn't called that, but Maine State Prison had a rehabilitation program that was *working*. And it could have pointed the way to a far better arrangement of who pays for crime in our society. But Maine officials were unable to see the situation as an exciting, if imperfect, glimpse of what today's troubled prisons could be.

THE PRISON PICTURE

There are approximately 320,000 convicted criminals behind bars in the United States. Over half of them reside in maximum-security prisons that are enormously expensive to build, maintain, and operate.

The total correctional bill footed by taxpayers in 1978, the latest year for which data are available, was $5.5 billion. With a climbing prison population and inflation, it is likely that that figure now exceeds $7.5 billion annually. Indications from a study of the New York State correctional system in 1978 are that about 50 percent of prison budgets are spent on security; 15 percent on food, medical care, and recreation for inmates; and 10 percent on services—education, psychological counseling, libraries, etc. (In the New York program, another 6 percent of the prison budget went to subsidize the state's prison industry.)

MSP's prison industries workshop, where the novelty

There are not nearly enough jobs in the traditional state-run industries to keep more than a tiny fraction of the inmates busy.

And the returns for all these tax dollars? Increasing violence behind bars, a failure of the rehabilitative ideal, and a prison population in which repeat offenders continue to outnumber first-timers by almost three-to-one.

Despite all the money spent to keep America's prisoners behind bars and to "rehabilitate" them while they're there, life in prison is far from the country club existence occasionally painted by critics. True, many prisoners now have their own televisions, stereos, or radios in their cells. On the other hand, today's prisoners are locked into those cells a greater number of hours per day than was true just a few years ago. Overcrowding in prisons is a well-documented problem, though it may well take more than its share of the blame for the troubles that plague our prisons.

Anyone who reflects on the situation must recognize that a bigger problem is this: that prisoners are regularly denied virtually every outlet for constructive expression of their identities, energies, and creativity. Visitation rights are severely circumscribed. Recreational and athletic facilities are limited. In most prisons there are not nearly enough jobs in the traditional state-run industries to keep more than a tiny fraction of the inmates busy. Moreover, there is almost no incentive to participate in those industries, because wages are either nonexistent or absolutely nominal—seldom topping $1 per hour.

When combined with the general character of many inmates, idleness caused by the lack of constructive outlets makes prison a fearsome, and oftentimes violent, place. The incidence of violent deaths behind prison walls has climbed to about one per thousand per year. Stories of homosexual abuse are unfortunately commonplace. In recent years the level of violence in prisons has been exacerbated by gang warfare among inmates, particularly in the larger urban state prisons. Less well known but possibly more important on a day-to-day basis is the fact that lower levels of violence, particularly beatings and nonfatal stabbings, occur sufficiently frequently to create a pervasive atmosphere of suspicion, tension, danger, and unease in most prisons. It is widely acknowledged that much lower-level violence goes unreported.

Violence is an outlet for some prisoners; drugs, for others—and they are available, even if not readily or

program began as a spare-time hobby program

Bill Powers/Corrections Magazine

cheaply so, behind the walls. Black-market operations exist in virtually every American prison to supply the common but illicit wants of prisoners, drugs and weapons included.

This bleak picture of America's prisons should hardly startle anyone. What is disconcerting is the way prison officials attempt to deal with their charges.

While correctional experts seek clues in criminals' past lives and in socio-economic conditions on the outside as a basis for rehabilitation, they ignore the single biggest positive change that could be made in prisoners' lives on the inside: allowing inmates to put their lives to constructive use. Meanwhile, prison officials must establish some sense of order and peacefulness behind the walls. There is little doubt that prison security staffs are undermanned and unable to solve problems by applying traditional, limited police methods. The result: with pressure to achieve both rehabilitation and security, prisons are almost universally run on a system of (usually) benevolent despotism that combines aspects of the welfare state and the Gulag Archipelago, with prison experts shrinking from any untraditional alternatives. This, I was to discover, is what the lockdown at Maine State Prison was all about.

ENTERPRISING CHANGES

Maine State Prison (MSP) is a red-brick fortress located in Thomaston, Maine—a town of 2,000-3,000—along Interstate Route 1. Originally built in the late 19th century, MSP is Maine's only maximum-security prison. Less than a mile beyond its easternmost wall is the shimmering Atlantic Ocean, an appropriate symbol of the freedom of which those behind the wall have been legitimately deprived.

MSP's crafts and novelties program dates back almost 40 years. At that time, prison administrators, seeking to encourage inmate participation in the zero-paying state-run prison industries (chiefly license-plate and furniture manufacturing) offered inmates who worked in those industries the opportunity to use state-owned machinery in their spare time to produce hobby and craft items. Many prisons have a hobby and craft program, but MSP's novelty program went beyond those in other prisons in two important respects.

First—unlike their counterparts elsewhere, who are hampered by restrictive laws—MSP inmates have easy access to an excellent market for their goods. Inmates can sell their products at a prison-owned store located about 60 yards up the road from MSP on Maine's heavily traveled summer tourist route. Crafts sales to tourists are an important part of the region's economy, and many tourists seem not to mind paying the premium prices charged at the prison store. After all, how many people can say their living rooms are decorated with lamps, wooden ships, or anchors built by conmen, armed robbers, or murderers? Tour buses frequently make it a point to stop at the prison store.

Second, MSP inmates may hire one another to perform work, allowing for specialization. Until the lockdown, there was a legitimate, transferable currency with which inmates could pay one another for finished work: canteen coupons, which could either be spent at the prison canteen or banked in the prison's business office. In most prisons, on the other hand, an inmate may sell only those goods that are entirely self-produced, and there is no legalized currency (though prisoners inevitably create their own currencies—often cigarettes).

Until the last half of the '70s, the craft and novelty program remained a constant but minor feature of MSP life, providing spending money for many inmates but little more. Prison administrators limited both inmate earnings and productivity. In the early '70s, a single inmate could take in no more than $4,500 annual gross revenue through the sale of a maximum of four designs of crafts or novelties.

With the appointment of Richard Oliver as MSP warden in 1976 (Oliver later resigned rather than carry out the lockdown), the novelty program was transformed. Oliver appointed a Novelty Committee, dominated by inmates, to oversee the program. By the time of the lockdown, it had evolved into a group of inmates elected by MSP's "residents." To protect individual novelty makers, the committee awarded "patents" that gave the designers of novelty patterns the exclusive right to produce items according to those designs. The committee also collected a five percent surcharge on the price of all novelty items sold. The proceeds went into an Inmate Benefit Fund that was used to purchase goods or services not provided by the prison administration, including, among others, recreational and athletic equipment and a huge TV antenna to serve all the inmates, and new equipment for novelty production.

More important than the Novelty Committee, however, under Oliver the caps on inmates' economic activities were significantly raised in an effort to reduce idleness at the prison and to create a constructive outlet for their energy. From $5,000 and 5 patterns in 1976, the caps increased to $10,000 and 10 patterns in 1977 and again to $15,000 and 15 patterns in 1978.

With Oliver's changes, crafts and novelties production at Maine State Prison took off. In the year prior to the lockdown, $550,000 worth of inmate-produced items were sold through the prison store. Nearly two-thirds of all MSP inmates were participating in the novelty program as employers, employees, or occasionally both. With abundant work and income opportunities, there had developed inside the prison a miniature economy.

THE NOVELTY KINGS

There were people who excelled as entrepreneurs. A group of five or six of the largest novelty operators came to be known as the "novelty kings." To a man, they had arrived at MSP without business experience. The novelty program tapped their latent talents.

Probably the most successful, and certainly the most flamboyant, of the novelty kings was Aaron M. "Jack the Griz" Harrelson (so named because while in college he wrestled a circus grizzly bear to earn tuition money). Convicted of aggravated assault in 1975, Harrelson turned to the novelty business in 1977 in order to, in his words, "give the inmates something to do."

Harrelson proved himself a quick study in the business. He bought up patents on patterns from inmates leaving prison and, along with his talented stepson and fellow inmate, André Beaudoin, invented new patterns. A number of these were put in the name of other inmates (in exchange for a share of the profits) in order to avoid the official limits on novelty production. To make items under his many patterns, Harrelson hired a work force that numbered (estimating conservatively) between 30 and 50 inmates at the time of the lockdown.

Harrelson soon diversified his business. One of his operations, a TV rental business, was discovered at the time of the lockdown, when state officials confiscated over 100 Harrelson-owned television sets from cells all over the prison.

Another of his endeavors was management of the prison canteen, originally a state-run money-loser. Harrelson turned the operation around and by the time of the lockdown, Maine's taxpayers were no longer subsidizing inmate purchases of candy, cigarettes, and razor blades. It was from the canteen, too, that Harrelson ran another of his businesses: money lending.

The P. T. Barnum of Maine State Prison, Harrelson's finest hour came when, following prison administrators' announcement that they intended to tax novelty sales in order to subsidize the unprofitable prison-run industries, he offered to buy out the state operations and state-owned equipment, to employ inmates to produce prison-industry goods on a profit-sharing basis (at the time, inmates working in these industries were paid nothing for their work), and even to pay the salaries of the shop's supervisory staff! Although prison administrators

Jeffrey Shedd

"Novelty King" Harrelson, who now runs a wholesale novelty business on the outside

didn't doubt Harrelson's ability to keep his promise—one called him the "most brilliant businessman I've ever seen"—they rejected his offer.

Shortly after the lockdown, Jack Harrelson was transferred to a federal penitentiary in Indiana, where he served out the remaining months of his sentence. Currently, he operates a lucrative wholesale novelty business several miles from MSP. His factory is a small, two-story house in Waldoboro, Maine, stocked from floor to ceiling with woodworking equipment and novelties in every stage of completion. He hires former inmates to perform most of the work. In a true ironic touch, one of the directors of his business is a former prison guard—making him, he says, an "equal opportunity employer." Harrelson's business is accredited by Maine's Better Business Bureau.

The one subject about which Harrelson is reticent to speak is the amount of money he earned from his several businesses. Published estimates ranged between $30,000 and $100,000. Harrelson himself told me, "Only me and God knows what I made," but, he quickly added, "I made more than the governor and the warden put together."

Another of the novelty kings was a convicted murderer who arrived at MSP in 1975 with $20 in his pocket and no useful skills. The $20, says Richard Freeman, he quickly blew on junk food and cigarettes. Broke, he began rolling cigarettes for other inmates to earn spending money. The business gained Freeman a reputation for honesty.

When Warden Oliver made the changes that catalyzed the novelty program, Freeman's reputation paid off. Another inmate already heavily engaged in producing novelties had more ideas for patterns than he could legitimately produce under prison rules. He turned to Freeman, who agreed to apply for rights to the other inmate's patterns under his own name; in return, Freeman would receive a share of the profits on the novelties' sales. Through this and similar deals, he gained both experience in the business and capital for later investment.

In 1978 the former spendthrift began his own business. Like other novelty kings, he bought up patents belonging to inmates about to be released from the prison. He hired a work force—numbering at least 30 at the time of the lockdown—that he paid on a piece-work basis to maximize productivity.

Unlike Harrelson, Freeman was a behind-the-scenes operator, a fact that may have kept him from being transferred to a federal prison after the authorities made their move against MSP's enterprises. Since the lockdown, Freeman has refused to participate in the restructured novelty program.

Like Harrelson, Freeman will not disclose how much he made in his novelties business. He does admit that he did well enough to hire a well-respected attorney to file suit against prison administrators, charging them with property losses suffered as a result of the lockdown. Moreover, he put aside enough to pay for a college education when he is finally released from prison.

Bill Powers/Corrections Magazine

MSP inmates at work on novelties, which found

ECONOMIC OPPORTUNITIES

Other novelty makers ran smaller operations. Among them was André Beaudoin, who, in addition to contributing to Harrelson's efforts, owned several patterns of his own. Described by other inmates as the best craftsman behind MSP's bars, Beaudoin emphasized quality rather than quantity. He eschewed the assembly-line techniques of the novelty kings, choosing instead to hold an individual inmate responsible for building a novelty item from beginning to end. That way, Beaudoin told me, a worker takes greater pride in his work and produces a better-quality product.

Beaudoin spoke to me animatedly about the technical details of craftwork—about the best woods and lacquers to use for particular jobs, for example. But he has curtailed his operations since the lockdown, he said, because of low-grade materials, overregulation, and red tape under the restructured novelty program.

The range of employee participation in the novelty program is illustrated by two cases:

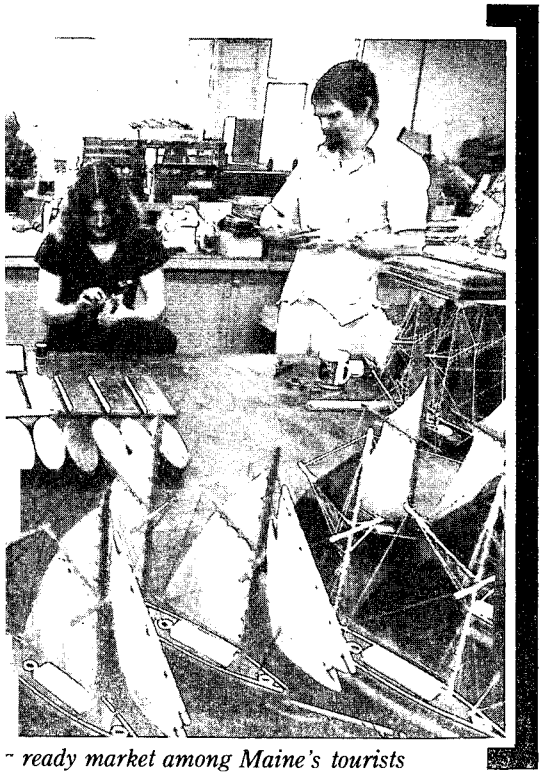
- Thomas Mitchell, recently released from MSP after serving time for an assault conviction, worked for Jack Harrelson behind bars. Mitchell was one of the hardest workers among inmate employees; he took in, he says, around $200 per week prior to the lockdown. Currently, Mitchell works in Harrelson's free-world novelty business.
- John Roberts (not his real name), convicted of armed robbery, was one of the more sporadic inmate employees. He worked, he says, so that he could buy the drugs that "helped the time go by." Nevertheless, he earned nearly $4,000 the year prior to the lockdown.

As the novelty program flourished, other entrepreneurial talents were tapped. There arose inmate barbers who charged other inmates for style cuts. For the right price, an inmate could get his personal clothing laundered. For many of the prisoners, it was no doubt the first time they'd seen that individuals can profit by providing a good or service desired by others.

Nearly two-thirds of MSP inmates were participating in the novelty program as employers, employees, or both.

The novelty program was quite a success from the inmates' point of view. Every one of those I interviewed, from sporadic employees to novelty kings, agreed that the vast majority of inmates benefited greatly from the program. Some, it is true, were the targets of retaliatory action by the larger novelty operators, who, having gained considerable influence among the inmates, acted to counteract theft, the breaking of agreements between employers and employees, and general thuggism. Inmates who minded their own business, however, and refrained from violating the rights of others could freely take advantage of the economic opportunities created by the novelty program, earn wages determined by a competitive labor market, and escape the regimen of enforced idleness that characterizes most American prisons. Perhaps most important of all, they had control over and were permitted to take responsibility for an important aspect of their lives.

It was a unique program with unique results. It went a significant step further than any other prisoner work program in the history of US prisons.



ready market among Maine's tourists

PRISONERS' WORK HISTORY

Since at least the time Robert Stroud—the famous Birdman of Alcatraz—built his first canary cage while confined in prison, it has been generally understood that work can be a creative outlet and pastime for prison inmates. (Indeed, had Stroud been confined at Maine State Prison in the late 1970s, my guess is that he would have been a major inmate entrepreneur.) Stroud and others like him, however, have for years labored under the burden of stifling rules and anti-competitive laws.

It wasn't always thus. Inmate labor once played a central role in the American correctional scene. Prisons were originally intended to be self-supporting, and, as a 1940 Department of Justice report noted, "the success or failure of many wardens depended on their ability to meet this test, and many of them met it successfully, even though they may have failed in all else."

The early self-supporting prison, however, succeeded not by granting economic liberty to prisoners but by making slaves of them. The unfair competition created by the exploitation of prisoner labor generated political opposition from unions and businesses. As early as 1801, New York passed legislation restricting the use of convict labor and the goods that it could be used to produce. Similar restrictive laws became increasingly common following the Civil War.

Not until the Great Depression, however, was the blanket of restrictive laws limiting the market for prisoner labor completed. Nearly every state now has laws or even constitutional provisions controlling the sale and marketing of all but a few types of prisoner-made items. A common arrangement is to permit such goods to be sold only to state agencies.

The federal government has restrictive laws of its own. The most significant of these complements the state laws by prohibiting interstate commerce in prisoner-made articles where the recipient state has local laws against commerce in those same goods. Other federal laws prevent private industries from using prisoner labor to fulfill government contracts and require careful labeling of prisoner-made items as such.

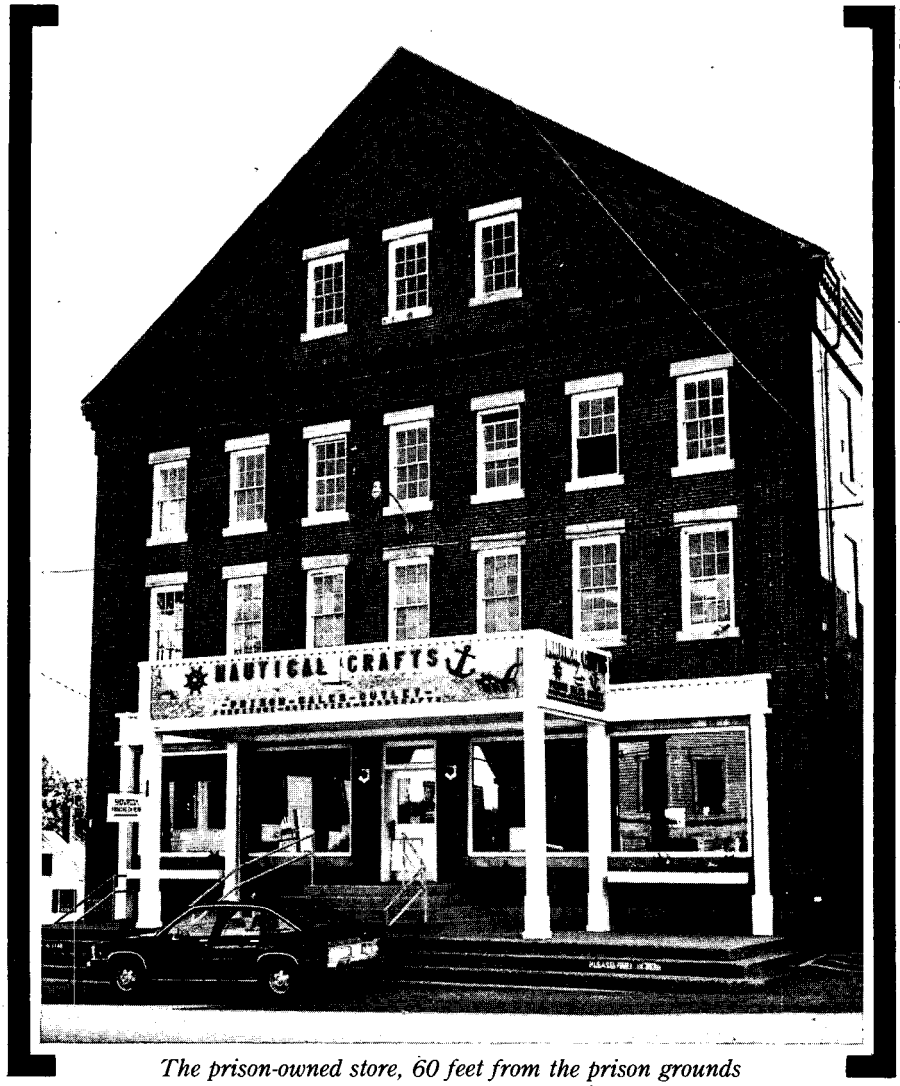
The effect of all these statutes was virtually to wipe out the market for prisoner labor and for prisoner-made goods. Even if such a market existed, it would be difficult to satisfy it; prison regulations typically permit prisoners to sell only those goods that they themselves have

produced in their entirety.

An interesting demonstration of the untapped productivity of convict labor occurred during World War II, when many of the federal restrictions on the sale and transport of prisoner-made goods were lifted by executive order in order to get prison industries to help the war effort. Statistics available for the period 1942-43 show that state prison industries produced nearly $10 million worth of war matériel—mostly clothing—during that year. Not coincidentally, it is reported that prison morale rose significantly during the war years. But when the war ended the restrictions on prisoner-made goods were reinstated.

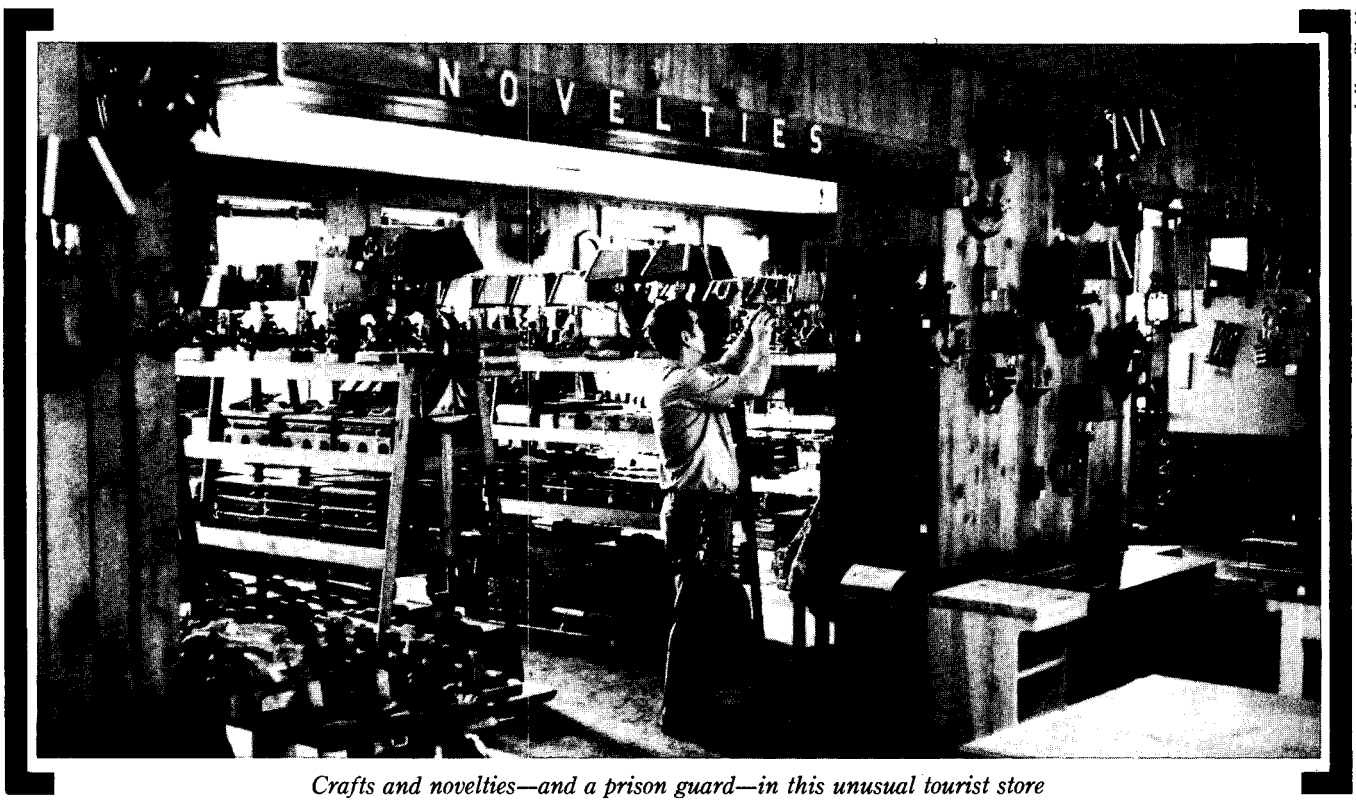
As a result of the anticompetitive laws and regulations, in virtually every prison the only work opportunities are in the traditional prison industries—the making of license plates being, of course, the classic example—and in prison maintenance and custodial work. In almost every case these positions are low-paying, and in spite of that the industries involved are almost everywhere money-losers. Few prisons have sufficient facilities to permit more than a small fraction of their inmates to participate.

A program that emerged during the '60s and '70s and expanded work opportunities for some prisoners is work release. Most states now have such a program, whereby minimum-security prisoners are permitted to work outside the walls of the prison part-time for private enterprises at market wages and



Jeffrey Shedd

The prison-owned store, 60 feet from the prison grounds



Jeffrey Shedd

Crafts and novelties—and a prison guard—in this unusual tourist store

under competitive business conditions. Importantly, work release participants are usually required to pay out of the wages they earn the costs of transportation to and from prison, room and board expenses, and taxes. By most accounts, work release programs are successes, but they are clearly inappropriate for most inmates.

A promising experiment to improve job opportunities and the incentives to work inside prison is Free Venture, until recently funded by the federal Law Enforcement Assistance Administration. Free Venture programs seek to upgrade state-run prison industries. Occasionally, the state-run industry will, under Free Venture, act as a contractor or subcontractor for a private business.

The impetus behind Free Venture came from a study commissioned by the LEAA and published in 1978. The study examined typical prison industry programs and found they suffered from, among other things, low wages and productivity, short work days, overstaffing of shops, high overhead, poor financial controls and record-keeping, failure to teach useful skills, limited marketing efforts, and a lack of managerial capability. The solution? New prison industries designed to emulate the outside world of work—"not busy work, but productive labor with outside-world efficiency, outside-world wages, and outside-world relevance."

Free Venture's practical achievements have been promising. LEAA helped to fund pilot projects in seven states. Prisoners chosen to participate in the program work in print shops, furniture shops, computer programming businesses, and farm machinery production businesses, among others. Wages are higher than in traditional prison industries, topping out at about $4 per hour, but not as high as originally hoped.

Initial results suggest that many prisoners in Free Venture programs develop positive attitudes toward work and that participation often aids a prisoner's reintegration into society upon release. Most importantly, Free Venture programs channel inmate energies into constructive outlets. Moreover, prisoners who are adequately rewarded often turn out to be unusually productive workers.

Free Venture is not without problems, however. First, the industries are rarely self-supporting, and some require heavy taxpayer subsidization. Reagan administration cutbacks in LEAA funding call into question the continued viability of Free Venture.

Second, some significant innovative features of the program as originally proposed have been dropped. These include requirements that participating prisoners turn over a portion of their earnings to help pay for the cost of their imprisonment—otherwise borne by taxpayers—and to provide some form of restitution to their victims. Both deductions were originally proposed to force the prisoner to absorb a greater portion of the social costs of his or her crime. After all, there is no reason to punish taxpayers any more than necessary for criminality. Both pay-back schemes have, however, been dropped in the face of prisoner complaints and administrative inconvenience.

Finally, Free Venture, despite its promise, can usually offer jobs for only a tiny fraction of the total inmate population. The problem of idleness is thus reduced, but not significantly.

Free Venture has demonstrated the potential productivity of prison inmates and the benefits of tapping it. If the Maine State Prison novelty program under Warden Oliver is any indication, the way to release that productivity without the tremendous cost to taxpayers is to encourage not just prisoner *work* but prisoner *entrepreneurship*. But the fate of the MSP program also indicates the hurdles that such an innovation faces.

WHY THE LOCKDOWN?

Why, despite the tremendous success of the novelty program in channeling inmates' energies into constructive activities, was the prison locked down? Donald Allen, director of Maine's Bureau of Corrections, admitted to me that for every example of problems with the situation at MSP there were undoubtedly numerous examples of benefits. So why did he personally, with the approval of the governor, plan, order, and coordinate the lockdown?

Lockdowns at prisons are not uncommon. Relatively frequently, prisoners will be locked in their cells while prison guards comb through the cells searching for and seizing contraband, usually weapons and drugs. Occasionally, lockdowns are used to foil rumored or suspected riots.

What was extraordinary about the lockdown of Maine State Prison was not the painstaking searches of the cells—which resulted in 50 dump-truck loads of inmates' personal property being carted away, inventoried, and stored. Nor was it the fact that three inmates were transferred to federal penitentiaries in connection with the lockdown. Though one can quibble with the choice of those relocated, such transfers often occur in conjunction with lockdowns.

Rather, what was extraordinary about the lockdown was its duration—10 weeks—and the complete about-face in prison policies during that period. Warden Richard Oliver had resigned in protest. Donald Allen took his position on an interim basis. A classification committee was set up, and each and every prisoner was reviewed so that his security risk could be assessed and his living situation and privileges designed accordingly. Lock-up time increased from about 10 hours per day prior to the lockdown to an average of about 17 now.

The biggest changes, though, were made in the prison's economy. Permitted levels of novelty activity were cut almost in half; from a high of $15,000 in 1980, the cap on an individual's gross income was slashed to $8,000. More important than this change (since inmates had always before found their ways around the caps), state control over intra-inmate economic activity became much tighter. Prison canteen coupons were declared nontransferable; thus, the only legitimate form of currency in the prison—individual prisoners' accounts in the prison's business office—rested under state control.

Moreover, to add red tape to inefficiency, inmates who wish to hire other inmates to perform novelty work must now sign a staff-approved contract with the intended employee. Staff must approve wage levels and determine that the intended employer has sufficient funds to pay the promised wages *even before work on any novelties has begun*! Thus, employers cannot promise to pay inmates out of expected profits from sale of the novelties. Too risky, say the authorities; the employee may never get paid. Better, they implicitly say, that he remain unemployed.

The conclusion is unavoidable that, at best, MSP's novelty program is now viewed as it originally was—a way to provide inmates a little spending money and to relieve a little of the idleness at the prison. The "preferred" means to reduce idleness at MSP is by provision of traditional rehabilitative services: since the lockdown, Maine's taxpayers have funded improvements in MSP's library and a significant increase in nonsecurity personnel, including social workers and psychologists.

At worst, prison administrators are out to destroy the novelty program. Though they deny the charge, their actions speak louder. Particularly significant is the fact that, for the first time, MSP's state-run prison industries pay for work per-

formed. (Of course, the industries still lose money; the taxpayers fund the losses). Although the cap on inmate earnings in the prison industry program is lower than in the novelty program—$5,000 compared to $8,000—the returns are more certain. Clearly, administrators are seeking to encourage greater participation in the traditional prison industries. The only possible loser from such a policy is the novelty program, particularly since inmates must now choose between participation in novelties and industries; they may no longer do both.

Whether the aim is to undercut the program's unique success or to completely destroy it, the question remains: Why the lockdown and attendant changes at Maine State Prison? One possible explanation is political. In the view of inmates and former inmates with whom I spoke—Jack Harrelson most vociferously—the lockdown was a ploy to get more money from the state for the Bureau of Corrections and to have the bureau elevated to cabinet-level rank.

On the face of it, there is some evidence to back up the inmates' belief. For several years prior to 1980, Maine's legislature had repeatedly turned down requests from the Corrections Bureau for budget increases. Following the lockdown, and enormous accompanying publicity, budget increases were finally approved. Moreover, in September 1981 the Bureau of Corrections finally made it to the big time by being elevated to cabinet level. According to a newspaper account, a switch by a key legislator, Barbara Gill (R), who had earlier voted against such a move, was prompted by the lockdown.

In fact, however, there's not enough evidence to back the political motivation theory. It's no doubt true that, after the fact, Maine's correctional administrators took excellent political and bureaucratic advantage of the lockdown. But an afternoon spent with Donald Allen and other staff members at what was then the Bureau of Corrections convinced me that the reasons for the lockdown lie elsewhere: a failure of imagination. The situation at Maine State Prison before the lockdown simply did not fit within the traditional American model of corrections in which Maine's prison administrators are trained. It frightened them.

Some inmates think the lockdown was a ploy to get more money from the state for the Bureau of Corrections.

CORRECTIONAL ORTHODOXY

In the early days of the prisons—which were first used widely as the principal means of criminal punishment in both England and America shortly after the American Revolution—brute force was the predominant mode of dealing with inmates. Shackles, irons, whippings, torture—all these were used and even accepted. And in some more "progressive" prisons, such as the Cherry Hill Penitentiary in Philadelphia, near total isolation (intended to allow the convict time to reflect upon the evils of his past ways) solved many security problems.

Brute force is, however, as former *Fortune* editor and author of *Criminal Justice, Criminal Violence* Charles Silberman puts it, a grossly inefficient way to maintain order. And prison administrators did develop more sophisticated techniques.

Patronage provided part of the answer. Prison officials promoted some inmates above the rest by giving them special jobs within the administration. Essentially, the system was based on the ancient notion of divide and conquer. The favored inmates, who by the fact of their promotion gained a stake in maintaining the status quo, exerted influence over other inmates to keep the peace.

In some instances, this proved a highly effective means of control. In others, it amounted to an official sanction of violence by the favored few against the unfavored masses. Under the so-called trustee form of this approach, prisoners called trustees actually became responsible for guarding other prisoners; in some instances the trustees were armed. Stories abound of trustee inmates coaxing others to attempt to escape, shooting those inmates sucker enough to make the attempt, and then claiming additional favor from prison officials for their heroics. As a result of exposure of these and less dramatic abuses of the divide-and-conquer system, it is rarely used nowadays.

Shortly after the Civil War, there emerged another order within prisons, based on the premise that behind prison walls everything is a privilege. Good behavior is then rewarded by the grant of privileges; bad behavior discouraged by the revocation of previously granted privileges.

Until very recently—since the beginning of the '70s—prison administrators

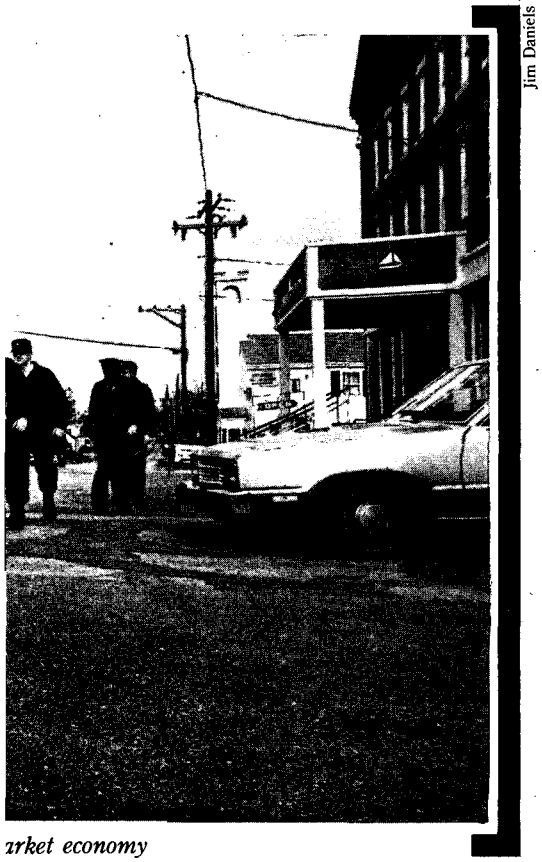
Maine State Police moving in on MSP to impose control over its miniature

had virtually unchecked power to dish out privileges, including work opportunities, furlough, decreased cell time, increased recreational time, and "good time" (which brings forward an inmate's release date). The parole system, whereby parole boards were established to grant early release to well-behaved criminals, was a particularly effective means of controlling inmate behavior.

This benevolent despotism behind bars was justified on rehabilitative grounds; essentially, the view was that inmates were being "trained" to behave well. In fact, of course, the system taught no such thing; prisoners behaved only so long as they were rewarded for doing so. Once on the outside, these ex-cons, no longer institutionally rewarded for good behavior, often returned to their former criminal paths.

To many prison administrators, though, the fact that the system was a rehabilitative sham was irrelevant; it served the purpose of maintaining a semblance of order. When combined with more overt security practices—lock-ups, searches, seizures, isolation, etc.—the reward system guaranteed that prison would remain a despotic place despite the benevolent ideology.

In the 1970s, three developments coincided to reduce the power of administrators to deal with prisoners by traditional means. First, the courts began to involve themselves in problems behind the walls recognizing certain legal rights of prisoners. Though the scope of recognized rights has been comparatively modest, the change in attitude has been drastic; no longer are prison officials looked upon as courts of last resort for prisoners, and no longer can they look upon themselves as such. Second, the national trend toward determinate sentencing—and concomitantly, in some cases, eliminating or limiting the powers of parole boards—has reduced the effectiveness of traditional order-maintaining devices. In Maine and several other states, the parole system has been undergoing a gradual phase-out since the mid-1970s. Third, new arrivals in prison are not only younger but, it is widely acknowledged, more prone to violence and nihilistic. Combined with racial animosity and overcrowding, this factor has resulted in a greater problem with violence behind the walls.



Jim Daniels

arket economy

The response of prison administrators, guards, guard unions, academic penologists, and occasionally the courts to increasing levels of tension and danger in the prisons has been mixed. One reaction has been to decrease inmate freedom and step up the extent of intrusion into prisoners' lives. Lock-up time has increased in many prisons over the past few years. Another example: more and more, electronic surveillance is used to keep closer tabs on even the minutiae of inmate activity. The other response has been to provide improved living environments for and more services to prisoners. The theory is that such improvements will eliminate the causes of violence and vandalism inside prisons and contribute to prisoners' rehabilitation.

The American Correctional Association—a private, influential, prison-accrediting group—regularly adjusts its prison standards upward. In capsule, ACA standards represent the prevailing view of correctional experts regarding the conditions that must exist at a prison in order for it to be minimally satisfactory. For example, ACA standards require prison cells to be of certain minimum dimensions, require a minimum level of access to psychological counseling for inmates, require food to be of a certain quality and temperature, etc., etc. ACA standards do not, significantly, allow for inmates hiring one another to perform work or, obviously, paying wages for such work; indeed, virtually all inmate economic activity outside the context of state-run prison industries is unrecognized by the ACA.

The ACA prescription for maintaining order within prison and attempting rehabilitation is essentially a modernized—and, unfortunately, more expensive—version of the benevolent despotism that has prevailed for years. If prisoners are legitimately imprisoned in the first place, it is because they are responsible for their actions. Yet the accepted mode of dealing with prisoners, reflected in the ACA standards, is to pay great attention to the "causes" of criminality on the outside and violence on the inside, while denying inmates any opportunity to assume responsibility for their own lives.

A MISSED OPPORTUNITY

In 1979 Maine's Corrections Bureau dedicated itself to achieving compliance with the standards of the American Correctional Association. The same year it applied for and received a grant from the federal Law Enforcement Assistance Administration to begin compliance measures. (Incidentally, the LEAA had subsidized the ACA standards-creating process in the first place.)

As a first step toward ACA compliance, the Bureau of Corrections commissioned a team from the Philadelphia-based American Institute for Criminal Justice (which, by the way, administers the Free Venture program for the LEAA) to study the conditions at Maine State Prison. It is hardly surprising that the team's report on conditions at the prison was overwhelmingly negative. "The prison was the worst I've ever seen," says George Sexton, the study team's leader.

According to the team's summary of the situation:

Current operations at the Maine State Prison violate nearly every accepted principle of prudent correctional management as practiced in this country today. The overriding reason for this is the fact that the staff do not control the prison. On the contrary, the prison is virtually controlled and operated at the whim of the inmates. The inmate economy generated by the novelty program dominates the entire social structure and operation of the prison. It is this economy which has enabled a few powerful inmates to exploit (through fear and intimidation) the labor of a larger, less powerful group of inmates. This same inmate economy has created and fostered an atmosphere in which the potential for staff corruption is too great to be ignored. The general conditions under which both staff and inmates are living and working at the Maine State Prison are so unsafe as to constitute a serious danger to the safety, health, and life of both groups.

It is true enough that the flourishing economy inside MSP shaped the social

structure. At the top were the so-called novelty kings. Next came the lesser entrepreneurs, from inmate barbers and launderers to the smaller novelty operators. Beneath these entrepreneurs in terms of power and usually of economic well-being were the novelty employees, ranging from the sporadic worker who wished nothing more than to earn enough to keep himself supplied with the amenities of prison life to the more enterprising inmate who worked virtually all his spare time in the novelty program. Finally, on the lowest rung of MSP's social ladder there were two groups: the drug pushers and the strong-armers. (Another group, made up mostly of old-timers, chose not to get involved in the novelty program and remained effectively outside the prison's social structure.)

Yet in every prison there are powerful inmates and weak inmates. In most of them, the social differentiation is farther underground than it was at MSP before the lockdown, but there is little evidence that the more powerful inmates exploited all the rest through fear and intimidation.

The inmate workers I spoke to said that employees chose to work; no one forced them to do so. Usually, they worked on the basis of oral agreements with their bosses. Occasionally arguments—and, infrequently, minor violence—would ensue when an employee failed to perform promised work or when employers couldn't or wouldn't pay for work performed. By and large, however, work proceeded peacefully. According to James McCamant, prison industry supervisor, "We rarely had any problems in terms of fights or disturbances."

Since wages were not set by administrative fiat, as they are in most other prison work programs, the novelty operators paid wages dictated by the amount and quality of work and the availability of inmate labor. Some novelty employees at MSP earned as much as $50 a day, compared to the $0-$10 typical in traditional prison industries. Certainly the orthodox correctional model, consisting of low-paying or non-paying state-run industries and closed markets for prisoner-made products, much more clearly exploits the labor of inmates.

In one area, however, the more powerful inmates did use fear and intimidation. According to Donald Allen, who took over at the prison with the lockdown and went on to become commissioner of the newly formed Corrections Department, a state of near war existed between the thugs and drug pushers on the one hand—the "young turks," as he calls them—and the "novelty kings" and their henchmen on the other.

Certainly the novelty kings recognized the young Turks for what they were: threats to the economic status quo. Nothing would more surely lead prison administrators to cut back on the newly won freedoms of inmates than would an escalation of drug pushing and violence and theft behind bars. So the novelty kings sometimes turned vigilante—usually, as far as I could determine, with the tacit approval of substantial portions of the remainder of the inmate population.

Now vigilantism is vigilantism, whether inside or outside a prison. Yet the fact is that the intimidation and violence involved was aimed at maintaining order within the prison. It was not the mindless violence that plagues so many prisons, where violence is engaged in because prisoners are denied other, constructive avenues of self-expression.

Moreover, although prison administrators claim the level of violence has fallen since the lockdown, they are understandably unable to document their claims. It is a simple fact of prison life that most attacks and beatings behind bars go unreported. To a man, the inmates with whom I spoke at the prison denied, however, that the lockdown led to reduced levels of violence; one said that what violence there was at MSP has simply gone farther underground.

In spite of the power of some inmates to impose some sort of order within the prison, the staff, contrary to the experts' report, *remained in control* of the prison. The prison watch towers were manned by staff, not inmates; prisoners were locked in their cells every night; they regularly appeared for head counts; they were not free to walk out the prison's front door.

Did the income flowing throughout MSP's internal economy pose the danger of staff corruption? If so, it hardly seems just to punish the inmates for that potential. That's not how police departments deal with this omnipresent problem.

Nor was the drastic lockdown warranted by safety problems discovered at the prison by the team of experts. Fire and disease hazards there were; cracking down on the placement of flammable materials and on the maintenance of food preparation areas would seem to have been an adequate response.

In the final analysis, Maine State Prison was locked down because it didn't fit into the correctional experts' picture of prison life. There is simply no place in ACA standards for inmates roaming around more or less freely within a prison or for prisoner-made products to be stacked haphazardly throughout it. Even more telling, there is no place for ambitious and talented individuals finding a way around bureaucratic restrictions on their activities, for prison workers' wages being determined other than by administrative fiat, for some inmates benefiting from others' desires for haircuts, laundry services, loans, or anything else. In short, the MSP lockdown occurred, not because authorities did not have control over the prison, but because they did not have control over the *economic lives* of the inmates.

Had the authorities responsible for MSP's lockdown realized that they were sitting on a potential gold mine, would they have carried it out with such dispatch? Had they seen the possibilities for making their prison into a showcase, might they have thumbed their noses at the tradition-bound experts and done all in their power to improve the freed-up novelty program instead of scaling it back?

When Chief Justice Warren E. Burger made a news-breaking speech in December 1981 calling for converting the nation's prisons into "factories with fences," MSP's administrators could have stepped forward with a real-world demonstration of the potential productivity of America's 320,000 prisoners under a program with real-world economic incentives. They could have pointed out the importance of a ready market for prisoner-made goods, thus backing up Burger's injunction to federal and state lawmakers to abolish all the existing restrictions on the production and sale of prisoner-made items. And they could have offered living proof of his claim that a program for prison production offers "a better chance to release from prison a person able to secure gainful employment."

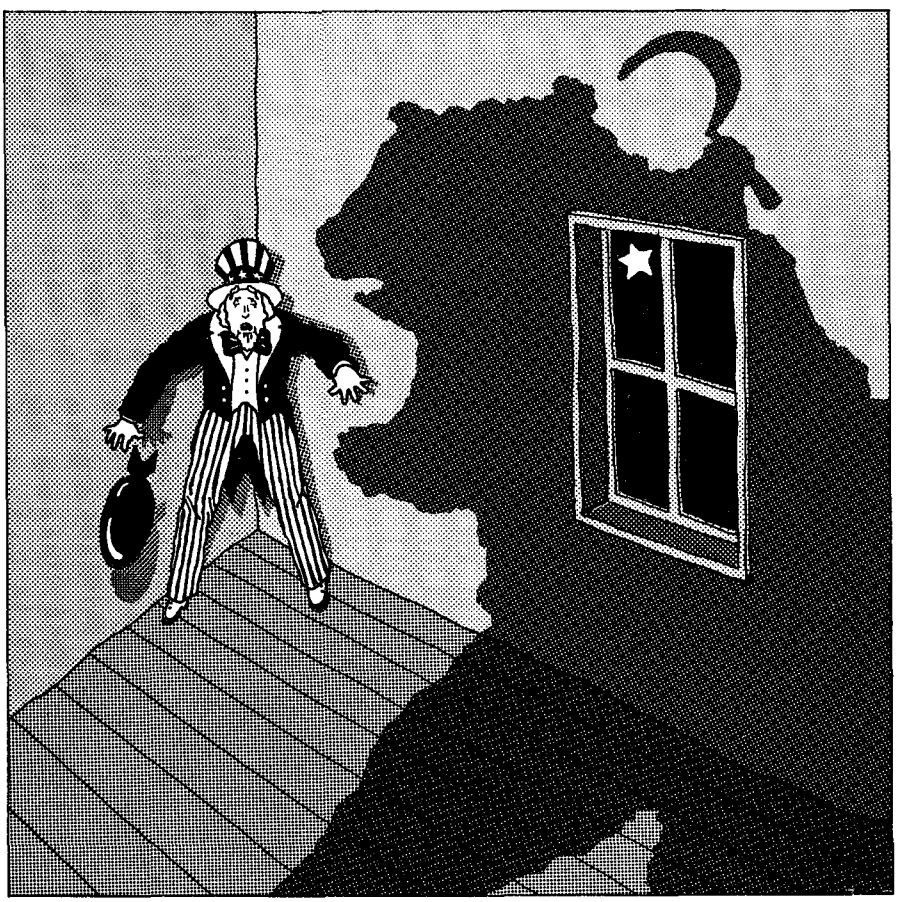
What they could not have done, of course, is nodded their heads in agreement with Burger's promise that his proposal could take soaring prison costs "off the backs of the American taxpayers." For Maine's correctional authorities never tapped the financial bonanza that lay before them. While MSP's inmates reaped the benefits of their economic liberty, they never had to pay, nor even contribute toward, the costs of their crimes. Had their miniature economy included that eminently justifiable feature, perhaps it would have been more palatable to the bureaucrats, and on that day in April 1980, no riot troops would have gathered outside the prison walls to put a lock on a unique experience with business behind bars. ◧

Jeffrey Shedd is a law student at Boston University. This article is a project of the Reason Foundation Investigative Journalism Fund.

Facing Foreign Realities

A distinguished journalist calls for a reassessment of Reagan's foreign policy.

BY FELIX MORLEY



WHEN A FOOTBALL COACH scouts the team of his principal rival, he does not minimize its strength. Rather, he will most closely study the plays and formations that he knows will be unfamiliar to his own boys. They will quickly detect weakness in the opposition for themselves. It is the unanticipated power against which they must be warned in advance.

Unfortunately, this homely but practical procedure is seldom applied by the corps of correspondents that our news services and major papers maintain in Soviet Russia. Ask yourself when you last read or saw a news report that was even mildly favorable to any aspect of Russian life. All the news concentrates on food shortages, crop failures, police brutalities, infant mortality, alcoholism, crumbling tenements, miserable transport, broken machinery, and general social collapse. Only in military hardware do we hear, paradoxically, that the Russians are as well equipped—or even better—than we are.

I have never myself been a correspondent in Russia; indeed, I have only visited that enigmatic country once, and that briefly. But I know many reporters who have written from there, and I have asked several why their reports were so often adversely slanted. In every case the answer has been similar: "My paper doesn't want anything that could be called pro-Communist. If I wrote that way, my copy would be thrown out, and I'd soon be replaced."

Russia *has* declared itself "the enemy" of the capitalist world, and many Americans would undoubtedly like to accept the challenge. Yet this downgrading of Slavic capacity seems a stupid way of preparing for the test. Hitler and Napoleon were both competent warlords who were contemptuous of the latent strength of Russia. There is no reason to think that any conceivable American Fuehrer would be more successful just because he would have better domestic plumbing behind him.

OPPONENT STRENGTHS

It is known, though not widely publicized, that in three of the major sinews of modern war—oil, steel, and gold—current Soviet production exceeds our own. An interesting article by Prof. Jerry F. Hough, of Duke University, in a recent issue of the Brookings' *Bulletin,* expands that list to include improved living standards. According to his tabulation, between 1965 and 1978 the percentage of Russian families with refrigerators rose from 11 to 78; with TV installations, from 24 to 82. Meantime, the annual consumption of meat products per person increased from 41 to 57 kilograms and the number of qualified doctors, from 554,000 to 929,000. These and similar advances are admittedly compiled from official Soviet statistics, but the prestigious Brookings Institution does not consider that a reason for slighting them.

Moreover, our material superiority

(Continued on p. 38.)

Illustration by Sandra Higashi

VANISHING FARMLAND

Are we paving over the breadbasket?

BY KELLY ROSS

Who hasn't had the experience of driving from one city to another and finding the area in between increasingly urbanized? Where there used to be mile after mile of plowed fields in the spring and harvesters busy at work in the fall, now there is a well-entrenched "bedroom community" or, further out, homes springing up here and there. Or, taking "a drive out to the country," one finds that "the country" is a few miles farther away than it used to be.

So when publications such as *Saturday Review,* the *New York Times,* the *Los Angeles Times,* and *U.S. News & World Report* lament the loss of prime agricultural land to "urban sprawl," as they have all done recently, it seems like a legitimate concern. The consequences, it is reported, will be dismal—failure to meet future food demand, a great loss of revenue from decreased agricultural exports, drastically increased food prices. Some scenarios are even bleaker. Radio and television news media have issued similar warnings. Just over a year after NBC News broadcast a two-part special report entitled "The Vanishing American Farm," ABC News aired their own two-part special report packaged as "America's Vanishing Farmland."

Many have taken these warnings to heart and now call for comprehensive land-use regulations, to be administered by local, state, or federal agencies. The American Farmland Trust (AFT), a recently formed private organization, for example, works "to stimulate and help initiate local organizations working to safeguard farmlands and to win broad public support for their efforts." According to an AFT promotional letter, such efforts—which are well under way in more than 200 counties—include zoning laws forbidding building on prime farmland, tax incentives for farmers, and efforts to "encourage the donation of easements, or land use rights, to local trusts."

Appearances, however, can be deceiving. What prompted the news stories and the subsequent reaction was a National Agricultural Lands Study (NALS) published last year. This two-year project, commissioned by President Carter and cosponsored by the US Department of Agriculture and the President's Council on Environmental Quality, concluded that each year three million acres of agricultural land are converted to other uses. Perhaps as an indication of the state of much American journalism, the study's findings were widely accepted without any effort to verify its statistics or to examine the definitions employed. The category of agricultural land, for example, included not only cropland, but forests, pasture and range lands, and a mysterious division called "other." Upon closer examination, "other" turned out to be house and barn lots, ponds, roads, wasteland, and land that had been sold to developers but may remain in agricultural use for an indefinite period of time.

If the media had in fact done even some cursory checking, they would have found that the study has been widely discredited in some circles of experts. Steve Hanke, senior economist on President Reagan's Council of Economic Advisers, has called the study "technically unsound." And Dartmouth economist William Fischel wrote on the op-ed page of the *Los Angeles Times* recently that the study's "basic problem" is that it "classified far more land as urban in recent years than was ever counted as urban in the past." It's as though, he noted, "the census takers had decided in 1980 to count dogs as well as people, and then had proclaimed a huge population increase since the census of 1970, when only humans were counted."

But Fischel was even more disturbed by "evidence that the analysts knew that there was something wrong with their data but did nothing to amend them." For example, he noted, "The widely repeated projection that Florida will have paved over all its good farmland by the year 2000 was found to be based on demonstrably false numbers." But no such evidence found its way into the widely referred-to NALS report.

In the final analysis, if definitions are carefully scrutinized, the NALS showed that only 675,000 acres of *actual* cropland per year were transferred to other uses during the last decade. That's approximately .16 percent of the total cropland inventory, well within the margin of error for such an estimate. But even this figure does not find universal acceptance in the scientific community. The Regional Science Research Institute attempted to confirm the statistics used in the study by employing independent estimates of rural land conversion since 1970 and, on this basis, found a substantially lower rate than the NALS claimed.

Defining agricultural land is not a difficulty limited solely to the National Agricultural Lands Study. The most widely used method of determining soil productivity is the land-capability classification system of the Soil Conservation Service, which was

created over 40 years ago in response to the "Dust Bowl" days of the 1930s. The system was developed to point out the hazards and limitations of using soil on a long-term basis for cultivated crops; accordingly, it is based on soil characteristics that tend to create risks of damage or erosion, such as slope, stoniness, salinity, acidity, depth, permeability, water-holding capacity, and texture.

Experts on the subject all agree that the main advantage of the land-capability classification system is its nationwide use, making soil information readily available. The most serious limitation, however, is that *productivity* is not considered in determining a soil's capability class. Soil, while very important, is not the only factor in productivity. Climate, distance to markets, surrounding land use, ownership patterns, parcel sizes, management, disease, and insects all work to define what the land will yield. The system tells only the safest land for farming, not the land of greatest potential.

Other factors also make this issue less clear-cut than is commonly perceived. Stanley Miles, an agricultural economist at Oregon State University, says that very often farmland whose loss is attributed to urban sprawl is not lost to housing and shopping centers but has changed ownership from private hands to federal or state governments.

Lands with low soil fertility and/or a terrain unsuited to efficient use of modern machinery make up another large portion of abandoned land. Julian Simon, a professor of economics and business administration at the University of Illinois, explains that "high output has been obtained in large part with huge farm machines requiring flat land for efficiency. This combination of increased productivity per acre of good land and increased use of equipment adapted to flat land has made it unprofitable to farm some land formerly cultivated."

Those who are caught up in the panic over farmland conversion say that it is the *prime* land that most often falls victim to the developer's bulldozer. Prime land is described as the best land for farming. Flat or gently rolling, it is susceptible to little or no soil erosion. But in at least one state, the "prime" land theory just does not apply: in a 1977 address to the Soil Conservation Society of America, Charles Foster reported that 80 percent of the cropland urbanized in Massachusetts between 1951 and 1972 was of marginal quality and that the highest-grade soil was still available for crop production.

The assumption that often underlies the fear of urban sprawl and the loss of prime agricultural land is that farmland is a finite resource, but this is far from the truth. Between 1.2 and 1.7 million *new* acres of productive cropland are created each year by draining swampland, irrigating deserts, and clearing woodlands. By comparing the 1.2-1.7 million new acres to the 675,000 acres that go out of use, one must conclude that there actually is a *net gain.* Indeed, figures released by the Department of Agriculture confirm such a conclusion. Between 1974 and 1978 total cropland *grew* by 18.2 million acres, and the acreage from which crops were harvested increased by 65 million in the eight years from 1972 to 1980. Plantings of the major crops in

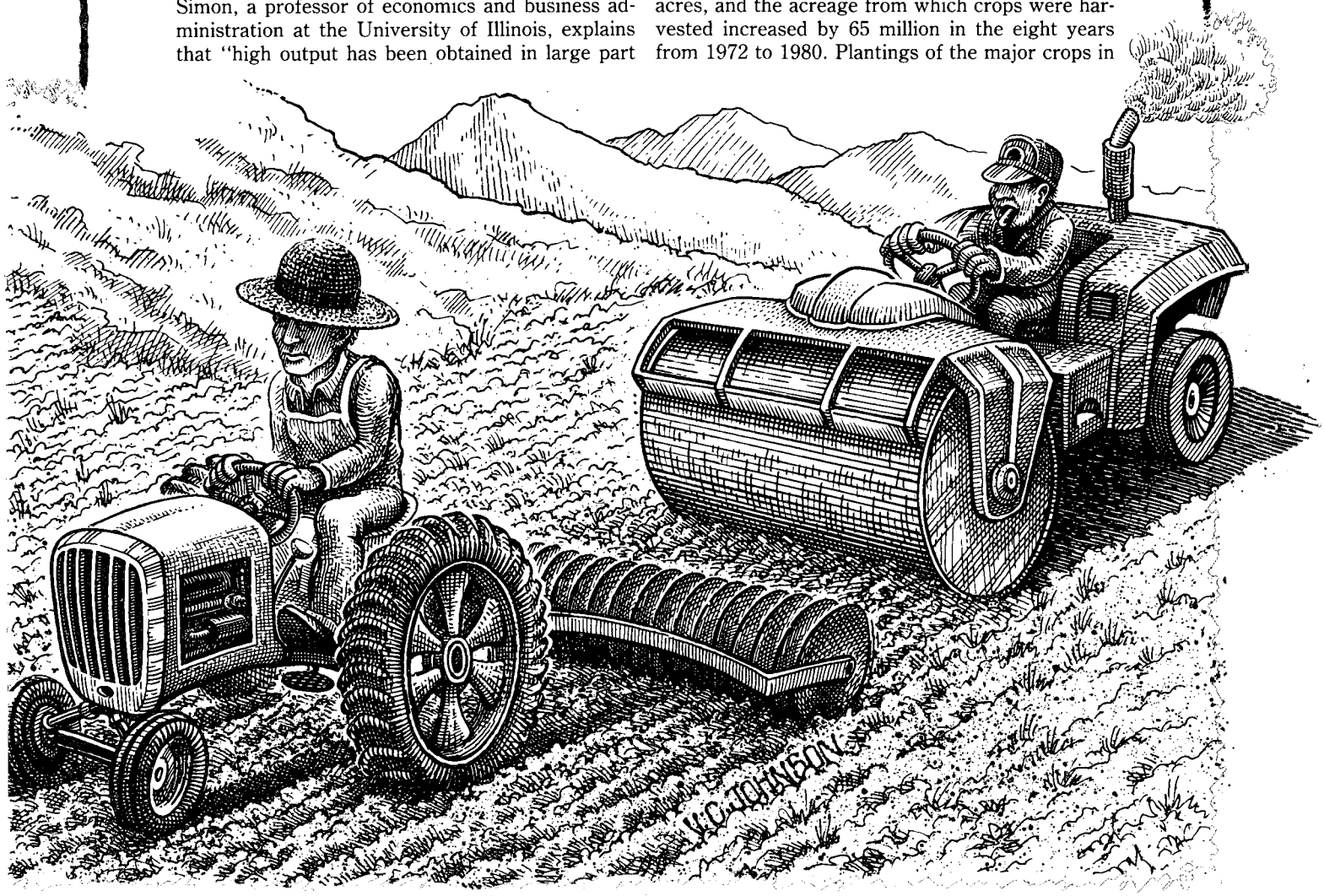


Illustration by V. Cortlandt Johnson

1981 totaled about 365.5 million acres, 8.6 million more than in 1980 and the most since 1944.

Not only is the area planted increasing, but the output per acre is steadily going up. Between 1950 and 1972 this country experienced a great increase in agricultural production even though farmers actually reduced the amount of cropland planted. During this period, the federal government paid farmers to "set aside" or idle between 37 and 65 million acres a year, but crop surpluses still remained a problem. By 1972 American farmers planted about 50 million fewer acres than they did in 1950, but total crop production was 149 percent of the 1950 level, and yields per acre reached 167 percent of the 1950 mark—a high surpassed only last year.

Between 1972 and 1975 an increased world demand for US food drew down the large surpluses characteristic of the previous decade and made possible a temporary suspension of the federal "set aside" programs. Since 1975, yields per acre have returned to their record levels of 1972, and no agricultural expert seriously doubts that production could be increased 50 percent with existing technology on existing lands if there was sufficient demand. With bumper crops in some commodities, cropland set-asides were reinstated in 1978.

One segment of the ABC special report on "America's Vanishing Farmland" described how a highway project was paving over 40 acres of a Vermont dairy farm. The commentator explained that the 40-acre loss meant a sacrifice of 100,000 gallons of milk annually. What was not mentioned is that, in 1981 alone, the government paid farmers approximately $2 billion for surplus dairy products and an estimated $23 million to store them. In addition to larger herds, better feeding and breeding practices have made the average dairy cow twice as productive as it was in 1950.

Those who are sounding the alarm over vanishing farmland also frequently imply that land switched to other uses cannot be reconverted to agricultural use. Again the evidence shows otherwise. In the northeast, for example, farm acreage has increased 10 percent since 1969, largely due to refarming lands that had been put to other uses. Because the cost of transporting agricultural products to the northeast from distant areas—California, in particular—rose during this period, it became profitable to reconvert abandoned farmland to agricultural use. It is not inconceivable then, that if in fact it became profitable to use developed land for agriculture—as it would be if some of the projected consequences of urban sprawl do come true—buildings, concrete pavement, asphalt, etc. could be cleared away to turn the land back into farms. After all, the technology to restore land to agricultural quality now exists.

It should now be obvious that the United States is in no danger of running short of either farmland or food. Rather, the real danger is in some of the possible consequences of government regulation in this area.

The media practice of referring to agricultural land in emotional terms such as "being lost," "vanishing," or "disappearing" tends to ignore the very mundane fact that the land was *sold.* Without any hint of coercion, many farmers have freely made the decision that the price offered was of more value than the land and its future returns. By definition, any program to limit development of arable land will result in a restraint upon such free decisions. Although most farmers want to remain on the land, they also want to be free to sell their property at a handsome profit.

In addition to being collateral for operational improvements, a farmer's land, as one authority close to the issue has pointed out, is often his "hospitalization plan, insurance policy, child's college tuition, or personal retirement fund" all bound up together. With restrictions placed on its development, land is less valuable for such purposes, and many creditors will be reluctant to use land as a basis for loans.

In California, Oregon, and other states where strict measures designed to preserve agricultural land have already been established, there is mounting evidence that such measures may in fact do much to *discourage farming.* In California, land that produces $200 an acre in gross sales is classified by law as "prime agricultural" property. Testimony before the state senate indicated that the law has worked to force land out of agricultural production: owners have not wanted to farm the land for fear that it would then be classified as prime agricultural property, which would curtail its use for other purposes.

In the past when conditions produced a bad crop in Oregon, harvesters could sell small parcels of land to satisfy their creditors. New ordinances, however, prohibit dividing cropland and often compel farmers to sell all their land (often at a loss) to avoid bankruptcy. Similar restrictions have made it impossible to build additional residences for relatives who wish to live and work on the farm.

Any new laws governing farmers' land use would join an existing mountain of regulations. In his book *Wealth of Nations in Crisis,* Ronald Nairn delineates the state of affairs: "If all the extant regulations in the U.S., directly or indirectly related to agriculture, were put into operation, then probably not a grain of wheat would be grown and neither would a steer be fattened." The flow of rules has now reached such a pitch (an estimated 8,000 for 1975) that no single person can keep up with the output, let alone the entire accumulation.

Farm owners would not be the only ones to feel the harsh consequences of land-use regulations. Potential homeowners stand to lose also.

In McHenry County, Illinois, a planning code forbids the construction of houses on lots smaller than 160 acres in agricultural districts. Says county planner Stephen Aradas, "The purpose of that is to stop people from building homes in an agricultural area. And it works." Also in Illinois, DeKalb County requires that land proposed for development first be shown to be economically unfarmable. These are examples of the kind of land-use regulation called for by such groups as the American Farmland Trust. Limiting the number of new homes built in

undeveloped areas, however, is bound to put pressure on the prices of existing homes and of vacant land inside defined urban areas. This predictable result has been confirmed by Anthony Downs, an economist at the Brookings Institution. Oregon's comprehensive land-use planning, he found, may be contributing to an acute housing shortage and spiraling prices, which could negate other environmental and economic benefits. In an even stronger statement, the Heritage Foundation in 1974 found that such planning curtails development, prices many potential buyers out of the home-buying market, reduces competition in the real-estate market, weakens the tax base, and discourages diversity, variety, and experimentation in land use.

A common remark is that planning is a necessary, good, and rational thing to do. After all, businesses plan for the future, both long- and short-term. And individuals plan, budgeting for the weeks and months ahead, getting their estates in order and positioning personal investments to hedge the future and make their retirements more comfortable. So since rational human beings plan for the future, why shouldn't governments plan?

The difference between the planning that people and businesses do as individual entities and the planning done by government as a collective is very important. Economic planning and land-use planning do not simply attempt to achieve the modest goal of accommodating to the future. Rather, the goal is generally to shape the future to conform as closely as possible to the planning authority's conception of what constitutes an ideal state of affairs or what is "good" for "the public at large." In this instance, the authorities have decided that what is "good" for "the public" is to retain rural land as rural land.

Accomplishment of this goal hinges on future building being done in established urban areas. Planners seem to hold the view that the bulk of the population should be restricted to high-density cities and the rest of the countryside be left open for carefully supervised recreation and carefully managed agriculture and resource extraction. If this design is actually executed—pieces of it, it has been seen, already have been implemented at both local and state levels—the resulting mega-cities will have not only pollution and crime on a much grander scale than is now driving urban dwellers to small towns, but a plethora of other problems that can only be guessed at today.

In 1922 Supreme Court Justice Holmes said, "We are in danger of forgetting that a strong public desire to improve the public condition is not enough to warrant achieving the desire by a shorter cut than the constitutional way of paying for the change." Justice Holmes's prophecy is being proven true more each day, and it is this lack of respect for the constitutional right of private property by those pushing controls that is probably the most disturbing aspect of the whole controversy surrounding farmland.

R. Neil Sampson, executive vice-president of the National Association of Conservation Districts, has publicly advocated a new "land ethic" brought about by "education and social evolution" to change the way Americans think about land. The Rockefeller Brothers Fund calls for the emasculation of historical property rights in order to deal with "the problems of urban sprawl." And a 1973 publication by the federal government entitled *The Quiet Revolution in Land Use Control* makes the statement that landowners are really land*holders* "who must exercise stewardship for the benefit of the broader community and unborn generations."

A 1981 US Supreme Court opinion serves notice to governmental bodies that extreme care should be exercised when enacting land-use regulations that limit a property owner's rights. In the case of *San Diego Gas and Electric Company* v. *City of San Diego,* in which the utility brought suit against the city for changing 39 acres from an industrial to an agricultural zone, the corporation claimed that it had been deprived of the entire beneficial use of its property. Because of the technical error of a lower court, the Supreme Court withheld a decision. But Justice Brennan's dissenting opinion (joined by Justices Stewart, Marshall, and Powell) concluded that such downzoning, or other forms of prohibitory regulation that deprive an owner of all or most of the beneficial use of his property, could constitute an illegal taking even if the deprivation was only temporary. In such cases, the four justices held, compensation must be made. That there may be other members of the court who agree that excessive controls can constitute taking is indicated by the majority opinion, which ended by stating: "We are frank to say that the Federal Constitutional aspects of that issue (taking by regulation) are not to be cast aside lightly."

For most of this nation's history there has been a clear and almost undisputed notion of how land-use decisions are to be made: by the individual or corporate owner restricted only by laws that prohibit certain activities as immoral or antisocial but do not restrain the use of land as such. Like most of the earth's resources, farmland is limited only to the extent to which human creativity is limited. If demand is present, output will increase; if not, the land will be utilized for its next highest value—which should not be distressing when people are concerned not only about farmland and food prices but about increasingly scarce housing.

Faulty figures, misunderstood statistics, flawed studies, and unsound arguments account for much of the confusion on the issue of American farmland. When such sources as the NALS report and the American Farmland Trust disseminate inaccurate data, it is not surprising to find people's perceptions of "urban sprawl" solidified. What most people are totally unaware of is that of the total 2.3 billion acres of US land, less than 4 percent is now in urban use, and reasonable projections are that *no more than 4 percent* will be in urban use by the end of this century. By comparison, cropland now accounts for 21 percent of the land area of the United States. What all this leads to is the conclusion that "America's vanishing farmland" ought to be a vanishing concern. ◧

Kelly Ross is a former aide to Sen. Mark Hatfield and is currently a member of the Board of Commissioners in Curry County, Oregon.

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Foreign Realities

(Continued from p. 33.)

would probably make no substantial difference in the event of nuclear war between the two superpowers. We could very likely annihilate 20 million Russians while they might have to be content with killing a mere 5 or 10 million Americans in a smaller number of cities. But in the larger issue of really "winning" the presumable war, the cards would be stacked against us, whatever the discrepancy in casualties.

That is because Communism, as a military dictatorship, is the most primitive form of governmental organization, one that can sink no lower under strain. Our federal structure, on the other hand, is the highly complicated result of generations of political and economic compromise. It could readily collapse into incompetent fragments under the incalculable effects of nuclear war.

Only the slightest knowledge of recent history is required to realize that total war, by its essentially concentrated nature, is invidious to a free society and advantageous for a Communist one. The First World War ended with the Bolsheviks triumphant throughout Russia while the seemingly stable governments of the West were all gravely weakened. The second war extended Communist control both to the heartland of Europe and all of northern Asia while reducing the "free world" to helpless bits and pieces dependent on the still-powerful United States for recovery. It requires no gift of prophecy to anticipate that in a third global conflict Communism would be everywhere triumphant. Of course, with our weakness for soothing nomenclature, we would not call the disaster by its proper name. At a guess, the soubriquet for American Communism would be "participatory democracy."

HOME TEAM WEAKNESSES

There is no comfort in the thought that in a third world war the USA and the USSR would be open opponents and not nominal partners. The Kremlin never even pretended that the lavish assistance provided by us in the early '40s would be used for anything other than Communist aggrandizement. In those days, when Republican leadership was in the hands of thoughtful men like Herbert Hoover, Robert Taft, and Alfred Landon, the opposition to "Good Old Joe" Stalin was intelligently "isolationist."

Now, direction has been surrendered to newcomers who can only pretend to know what they are doing in the arcane channels of foreign policy. Of all the inept remarks by President Reagan, perhaps the most alarming has been his observation that the cracks of dissolution are appearing in monolithic Communism. They have always been there, especially in Poland. But decay behind the Iron Curtain has never been greater than that which can no longer be concealed in the "uneasy alliance"—as Henry Kissinger called it—of NATO.

From the beginning it has been apparent that NATO, as a military alliance directed against Russia, is fundamentally hostile to the European Economic Community. This was designed as the basis of an eventual neutral political federation. Austria, Finland, Sweden, and Switzerland cannot join NATO because they are pledged, by treaty or firm tradition, not to participate in alliances. Other nations, especially Britain and West Germany, have been lukewarm toward the Common Market because of their military dependence on the United States. The result of the division has been that neither NATO nor the EEC has made the progress that its proponents confidently expected.

It is now apparent that the advocates of European federation, seeking neutrality between the United States and the Soviet Union, are gaining the upper hand. They have established an elected, representative Parliament and are experimenting with the idea of a unified European currency and the establishment of a single central bank of issue.

More to the point, all these countries are seriously alarmed by the rapid growth of American belligerency. France long since withdrew from any active participation in NATO and under Socialist control is now unlikely to resume an anti-Russian stance. The West Germans are well aware that a Russo-American conflict would completely devastate their rebuilt country and are placing that consideration above all others. Even the British, somewhat relieved by the abundance of North Sea oil, are beginning to realize that from the viewpoint of the Pentagon their country is valued primarily as a base for our bombing planes and submarines and as a staging area for American troops if, as, and when military occupation of Soviet territory becomes feasible.

The issue, therefore, is not so much whether our European allies can rely on us but whether we can rely on them. This becomes doubtful as the "disease" of pacifism spreads through Western Europe. It adds up to an unassisted American military expenditure that threatens to wipe out all and more of the economies in welfare spending for which President Reagan believes he has a popular mandate. Transferring bundles of fiat money from the left-hand to the right-hand pocket is not a procedure under which Uncle Sam can retard inflation, balance the budget, or stimulate constructive domestic investment of private capital.

REGAINING THE TITLE

The ineluctable fact is that we opened a Pandora's box when we decided to destroy the military barriers that Germany and Japan had erected to prevent the spread of Communism. No doubt there was strong moral justification for President Roosevelt's "unconditional surrender" policy, but its long-range political consequences were seldom openly discussed. It seemed to be assumed that the United States, because of its fancied technological supremacy, could at any chosen time alter and even reverse the course of history. Only a basically uneducated and heedless people could believe that fallacy.

There is something poignant in the way so many think that legally restricted and historically ill-informed presidents can have their uninhibited way in foreign policy. Sadly, the record is largely a matter of futile exhibitionism. Having splintered Germany and disarmed Japan, we find that they enjoy the resultant economies and have no desire to be remilitarized. Having destroyed the barriers that contained Communism both to the West and to the East, we have vainly labored, through such jerrybuilt bulwarks as SEATO and CENTO, to build a southward bloc. Having sought to maintain this by the ill-judged intervention in Vietnam, we are annoyed when the Third World says the Russians did the same, only more successfully, in Afghanistan. Having helped to bring Communism to China, we fancy that we can stifle that doctrine by close association with people whom we really do not trust. In Latin America, they wonder how we harmonize antipathy to Castro with support of military dictators in neighboring areas.

Other highly dubious forays are continuously added to the list. Perhaps its most tragic aspect is the way these have substituted increasing contempt and fear for the respect that used to be held for our national conduct. It will not be easy to regain that fading reputation. The first step must be the resumption of honest domestic commentary on our own abundant blunders. ◻

Felix Morley, a Pulitzer Prize-winning author, journalist, and educator, was editor of the Washington Post *from 1933 to 1940 and of* Human Events *from 1945 to 1950. His book* Freedom and Federalism *(1959) was recently republished by LibertyPress.*

Privatize Those Lands!

A message to Sagebrush Rebels

By Steve H. Hanke

Balzac, the remarkable nineteenth-century French author, finished writing *The Village Curate* in 1845. It contains the following passage: "Many lands, which could feed entire villages and be immensely productive, are publicly owned by towns. They refuse to sell these lands to private owners, in order to preserve their right to allow some 100 cows to graze. On all these public lands is carved one word: Incompetence."

In that one word, *incompetence*, the author characterized the management and use of publicly owned resources. Pertaining to that subject, he observed and studied two general laws: (1) public ownership necessarily leads to an unproductive and inefficient use of resources; and (2) private ownership is a necessary condition for the productive and efficient use of resources.

What makes these laws general? The answer is quite simple. Private property rights make the individual property owner solely responsible for the consequences of his decisions. This gives the owner an incentive to use his property in a productive and efficient manner. On the other hand, with public ownership, politicians and bureaucrats are never directly and solely responsible for the consequences of their decisions.

A property owner, in order to reap financial rewards, must successfully anticipate the wishes of consumers and satisfy them in an efficient manner. If he is unsuccessful in accomplishing these tasks, he will be penalized by losses. This process, which includes information feedback to property owners, provides an incentive for good performance. Moreover, it provides a mechanism that reallocates property to those who are most competent to satisfy consumers' wants efficiently.

As for bureaucrats and politicians, the market's rewards and penalties are irrelevant. They do not face incentives that foster good performance. The results are clear: publicly owned resources are not used to accommodate consumers' wants efficiently, and public resources are not reallocated to those who are most competent to satisfy the wishes of consumers.

During the past decade, modern statistical techniques have been used to test thoroughly the validity of the two general laws of property rights. These studies, which number approximately 100, confirm the validity of Balzac's observation: private property is always more productive than public property. The implications of this are important today.

The Sagebrush Rebellion arose in response to the waste and incompetence that have characterized federal management of public lands. Now, however, some individuals—particularly some of those responsible for managing these lands—say that because the "right" people now are in Washington, there is no longer any problem. Hence they pronounce the rebellion dead.

Balzac's observation tells us, however, that capacities of a bureaucrat or politician do not make a difference. It is false that public resources can be better used if only the right people are in power and managing public lands.

It makes no difference either whether there is federal or state control over public lands. Hence it is also false, contrary to the belief of most Sagebrush supporters, that a transfer of public lands from federal to state ownership would improve productivity. The *only* way to improve the productivity and efficiency of public lands is to privatize them.

We must not forget that our Founding Fathers operated with only one fundamental principle—the principle of *limited government*. This simple principle, on which our Constitution rests, was derived precisely from historical and empirical observations that led the Founding Fathers to build our country on individual responsibility, the respect for private property, and the reward for wisely used freedom.

We must reaffirm this fundamental principle and use it as a guiding light for a successful rebellion. Until we begin to privatize the public lands, we will not have accomplished anything of real economic or moral value. ◧

Steve Hanke is a senior economist on the President's Council of Economic Advisers. This article is based on a presentation at the annual meeting of the Public Lands Council in September 1981 and does not necessarily reflect the views of the Council of Economic Advisers.

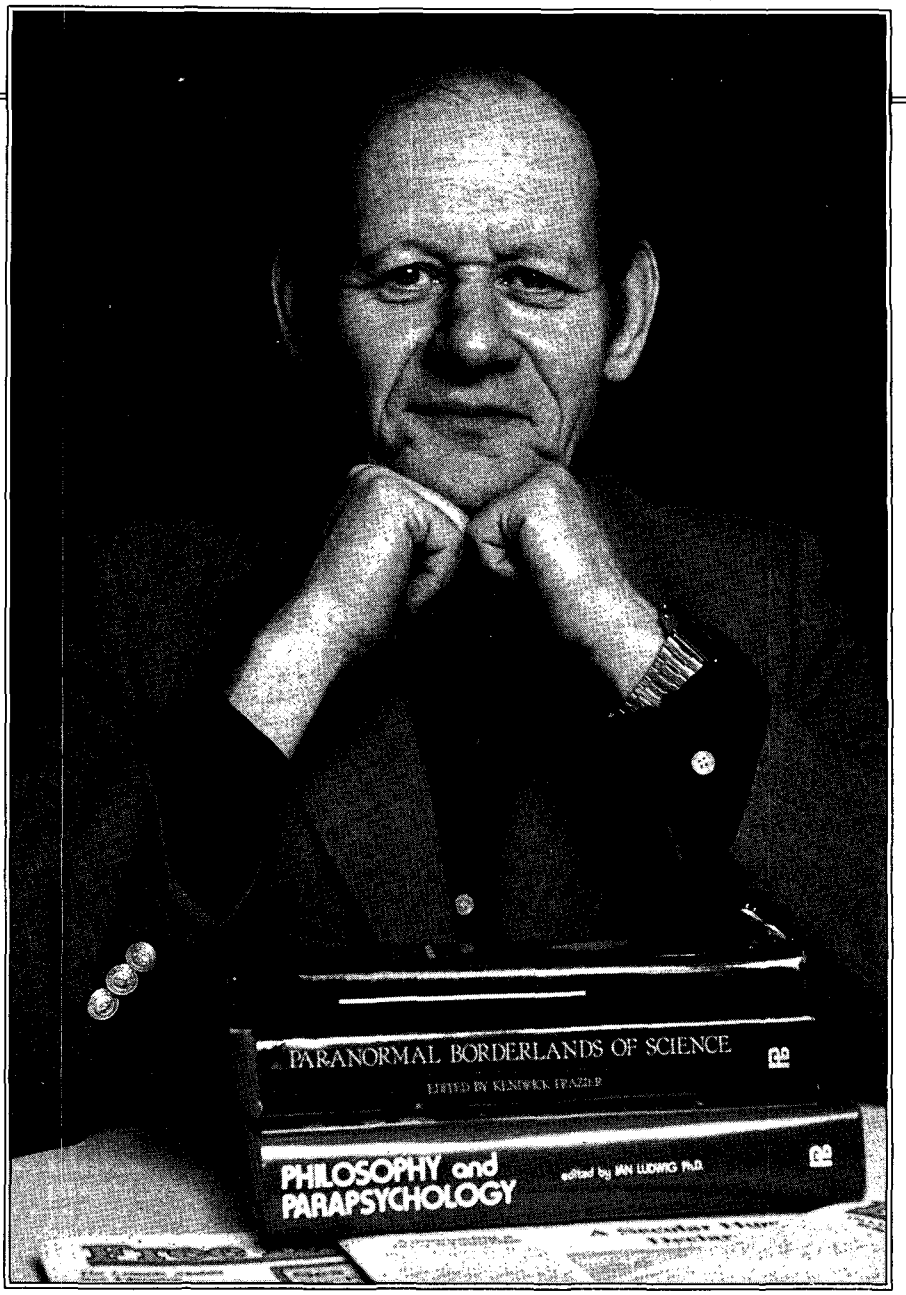
"Secular humanism places trust in human intelligence rather than in divine guidance," says a "Secular Humanist Declaration" signed by scores of leading intellectuals in 1980. "Humanists. . . are the mortal enemy of all pro-moral Americans, and the most serious threat to our nation in our entire history," says a leading member of the fundamentalist right. And so goes the latest round in a controversy that dates at least to 1933, when 33 eminent thinkers joined in issuing a "Humanist Manifesto."

Coming out of the corner for the secular humanists is Paul Kurtz, author of the latest manifesto of humanist beliefs; editor of the Humanist *magazine from 1967 to 1978, when he was ousted for fostering too much controversy in the magazine's pages; and founder and editor of a new humanist magazine,* Free Inquiry, *which promises not to shrink from "vigorous exchanges of opinion." True to its word, its first-issue feature of the "Declaration" was followed in the second by a four-bout card matching defenders of conservatism and humanist notables.*

The son of a businessman, Kurtz learned the moves in philosophy. Working toward a B.A. at New York University, he took a course from Sidney Hook—"the major intellectual influence of my life," says Kurtz. He went on to earn a Ph.D. in philosophy from Columbia in 1950.

Dr. Kurtz the philosophy professor settled at the State University of New York at Buffalo in 1965. Dr. Kurtz the champion of skepticism sees action in many arenas: in addition to the Humanist *and now* Free Inquiry, *there is Prometheus Books, which he founded in 1971; the* Skeptical Inquirer, *begun in 1977; 18 books and hundreds of articles and lectures; and numerous radio and television interviews and discussions.*

Interviewers Tibor Machan and Lansing Pollock, philosophers both, sparred with Dr. Kurtz in his office at Prometheus Books.



REASON INTERVIEW

Paul Kurtz

REASON: You've been generating some heat from members of the Moral Majority. Could you tell us a little bit about the idea behind your magazine, *Free Inquiry*?

KURTZ: Well, the Moral Majority and the fundamentalist right, if that is the word to use, have been attacking secular humanism for several years now. This has built up an intensity, and I was dismayed at the fact that there did not seem to be an adequate response. I thought they were attacking certain

Photographs by Mickey Osterreicher

central values in Western civilization, in particular, the value of freedom, which is my basic commitment, and also the idea of a secular society and the separation of church and State. It seemed to me that it was important that there be a response, so that is what prompted me and others associated with me to found *Free Inquiry*—as an intellectual, serious magazine concerned with exploring and debating issues, pro and con, concerning freedom and the secular society, and with a commitment also to democracy.

REASON: What is the history of secular humanism in the United States, and what are its essential features?

KURTZ: *Secular humanism* is a fairly recent term, and we have been trying to trace where it came from. Apparently it appeared in a footnote in the '60s in a Supreme Court decision, cited, I believe, by Justice Black—I'm not certain. It has been taken up ever since by the fundamentalists, who claim that secular humanism has been established as a religion in the United States. I'm willing to use that term, but I consider the basic term to be *humanism.* And of course humanism is the oldest philosophical, ethical, and scientific tradition of Western civilization. I trace humanism to Socrates, Aristotle—to the Greeks—and through classical Roman civilization.

Humanism, as I view it, is first a commitment to free inquiry, to the free mind. It's a philosophical and ethical point of view that is opposed to any kind of repression by social institutions—the State, the church, or other dominating institutions. So the central value of humanism is the freedom of the individual. Now the secularist aspect, of course, was prominent in ancient Athens when Socrates was condemned to death by the Athenians for irreligion and in the *Euthyphro*—a very important dialogue in which Plato tries to distinguish morality from religion. But there is this whole notion that morality can be independent of religious foundations, that there's an autonomy about moral judgment and you do not have to deduce moral principles and values from either a metaphysical or a theological principle.

Secularism and secular values appeared in the Renaissance as people rediscovered the great classics. And the scientific revolution, as I view it, as well as modern literature, are all part of the secular development of independence of thought and art and of an effort to find the good life here and now for human beings in their own terms.

REASON: It has been suggested that leaders of the fundamentalist right and the Moral Majority are hostile toward secular humanism because humanism is associated with Karl Marx, who wanted it to replace religion as an ethical mode.

KURTZ: There are many different kinds of humanists, of course. Marx was a humanist in the sense that he was critical of religion—he was an atheist, it's true. He also had a concern with the human condition and improvement of the human lot. But I think that certain forms of Marxism are a betrayal of humanism and that Marxism as it has developed is the enemy of humanism. I consider Marxism and some of its variations—Stalinism, Leninism—the major opposition to humanism in the world, not fundamentalism or Christianity, which is another problem. The early Marx was perhaps not totally unappreciative of the role of freedom, but those forms of Marxism that emphasize the principle of equality and the collective betray humanism in the deeper sense. Any humanism that ignores freedom of the individual in its analysis is *anti*humanism.

REASON: Has there been an evolution in your political thinking?

KURTZ: At the moment I am a libertarian democratic secular humanist—that's an awkward combination of terms, I know. At one time I was a democratic socialist. In the '30s and particularly the '40s, the influence of Marx was very strong. But I soon abandoned that, and it seems to me that Marxism is predicated on a basic fallacy about the nature of man and the nature of the good society. So I moved from democratic socialism, which I no longer accept, and I now believe that economic freedom is an essential condition of the good society. So that's why I'm a libertarian, or a modified libertarian. So many people in my generation did not appreciate the need for economic freedom and freedom of the marketplace. Political freedom is central, of course, and this is why I'm so opposed to Marxist communism. But political freedom is not enough without economic freedom, in my view. And surely we have empirical evidence in the past 60 or 70 years that where a society abandons economic liberty, where there is a monopoly not only of political power but of economic power, then you have no freedom. You don't have intellectual freedom, or religious freedom, or any other. If we don't learn from experience, how else do we learn? We have to test theories by how they work out in practice.

REASON: This brings to mind a rather different topic, this issue of the teaching of evolution versus creationism in the public schools. One of the charges that has been leveled at you and secular humanism in general by members of the New Right is that in fact the promulgation of the evolutionist theory is just as dogmatic as any kind of creationism. There is, according to them, no evidence that fully sustains the evolutionist thesis. How would you respond to this charge?

KURTZ: Oh, I think that there have been dogmatists on both sides. I'm surely not going to defend everyone who has taken a position in this controversy. My argument is that what is taught in biology courses should be a matter of peer review, should be determined by the biology teacher and scientists in general. I am disturbed about vigilante parents' groups or the use of the State to compel scientists to use certain textbooks and to develop a certain kind of curriculum. What I find most paradoxical about the fundamentalist right is their abandonment of freedom. They are contradictory. Do they believe in freedom or not? They are the ones who want to use the legislature to dictate to the schools.

Now if biologists decide, on the basis of scientific inquiry, that the creationists' hypothesis is meaningful, and they decide to introduce it in the textbooks, I'm certainly not going to oppose that. But biologists do not do that. And that's why I think that it's a kind of censorship and a very dangerous assault on the process of free inquiry within the sciences. Darwin's explanations of how evolution occurred are open to criticism. I don't know that anyone accepts the complete Darwinian theory. But evolution seems to be strongly supported by many of the sciences—not simply biology but geology, astronomy, the life sciences. So there's a whole range of evidence, and if you want to question or assault the basic principle of science, you undermine not only biology but all these other sciences, as well.

I have no objection, incidentally, to creationism being taught in history of ideas courses or history courses if the historians decide to do it. I think that's part of human culture to learn about attitudes and beliefs that people have held. What I'm objecting to is the imposition on science by extra-scientific methods and by the power of the State.

REASON: A Secular Humanist Declaration, which you

authored, states that it is the duty of public education to deal with moral values. Whose moral values should be taught in public schools?

KURTZ: That's a very good question. I think all education is moral. Even if you're teaching reading, writing, and arithmetic, you teach neatness, punctuality, politeness, honesty; and these are values. I don't see how you can have any educational program without values. What I had in mind there, of course, is Aristotle and his *Nichomachean Ethics,* that it is essential in any society to develop character and virtue and certain principles of excellence. And I think the schools have a role to play in this—private schools as well as public schools. To say that the schools should not teach morality would be to rob the schools of any kind of education. So you teach morality; there's no question about that. What kind of morality? It seems to me the common, human values shared by people; the common human decencies; the virtues. It seems to me that one of the great tasks of education is not only to get children to think critically—that seems to be a common human value—but also to grow, *and* to appreciate the needs of others to grow, morally, by cultivating independence of moral judgment.

REASON: In a recent column in REASON [Sept. 1981], Murray Rothbard commented on the controversy involving secular humanism and the Moral Majority. One of the things that he pointed out is that, once you do have a public education system, it is somewhat odd to be surprised that the overwhelming majority—which in this country does happen to be Christian or in the Judeo-Christian tradition—should then wish to have *its* values taught in public schools rather than the values of an intellectual elite, which the secular humanist group is identified as. What is your response to this?

KURTZ: I don't think that secular humanism is being taught in the schools. I think that's a conspiracy theory. What *is* being taught in the schools is modern science, literature, the arts; the whole curriculum is the curriculum of the modern world. And what the Moral Majority want to do, as I see it, is repeal the modern world and return to a kind of simplistic view of the universe. So this notion of a group of conspirators that have taken over the schools seems to me to be completely false.

REASON: In all fairness, it doesn't have to be a conspiracy in the sense of a consciously designed program perpetrated by a few people. It could be simply that, by natural accretion, intellectuals who have gotten their education from sophisticated thinkers in various universities have come to dominate what is taught in the schools. And for a while, they could maintain that they were the experts at this, and people would tolerate it. But now the rank and file are saying, "No, get rid of this bunch of kooks and get us back to fundamental Christian values."

KURTZ: Yes, and now what they want to do, as we know, is burn books in a campaign to purify the libraries and the schools of literature that they consider to be offensive or obscene or immoral. They want to impose creationism as an alternative theory, with equal time, in the science courses. They are opposed to philosophy—and this is a very deep, essential point. They are opposed to the teaching of courses in morals and ethics in colleges, universities, and public schools because this is independent of religious tradition. So really the critique is of the whole modern curriculum. Now, look, I don't agree with many libertarians who want to get rid of the public schools. I believe in freedom and pluralism, and I think there ought to be a diversity of institutions.

REASON: But if you do have this *public* institution, isn't it then up to a democratic assembly to dictate its content?

KURTZ: No. It seems to me that the appropriate authorities, experts, people qualified in the field, should determine what ought to be taught. A large percentage of people in the United States believe that astrology is true, so astrology should be in the curriculum in every school? If Christian Scientists make up a predominant part of American society, should the medical schools teach Christian Science? I mean, where do you draw the line? You break down all professional standards. I'm a philosopher; I teach at a university. Should people then in the community examine my textbooks and say, "No, no, no, you should not teach Aristotle"? Tim LaHaye [founder of Christian Heritage College, president of Californians for Biblical Morality, chairman of the Conservative Council (Washington, D.C.)] is opposed to the teaching of Aristotle. Aristotle is one of the most wicked men of the history of thought, in this battle of the mind. You can't teach Aristotle; you have to teach who they want, you see. So it seems to me that there are institutions that exist and they have a role and function to play, and I would allow the qualified people within a field to be the best judge of what is to be taught.

REASON: Aren't you confronted, as a secular humanist committed to democracy, with a dilemma? This is what Murray Rothbard was trying to get at. The dilemma is: either you have public education and then you have democracy invading the classroom; or you have free inquiry but you don't have public education, because the public domain is in fact under democratic control. You cannot be for both unlimited democracy and free inquiry, because unlimited democracy, as even Aristotle taught, would ultimately overrun free inquiry.

KURTZ: I'm not for unlimited democracy. What would unlimited democracy mean in the university? The janitors and secretaries would outvote the faculty? That's mobocracy.

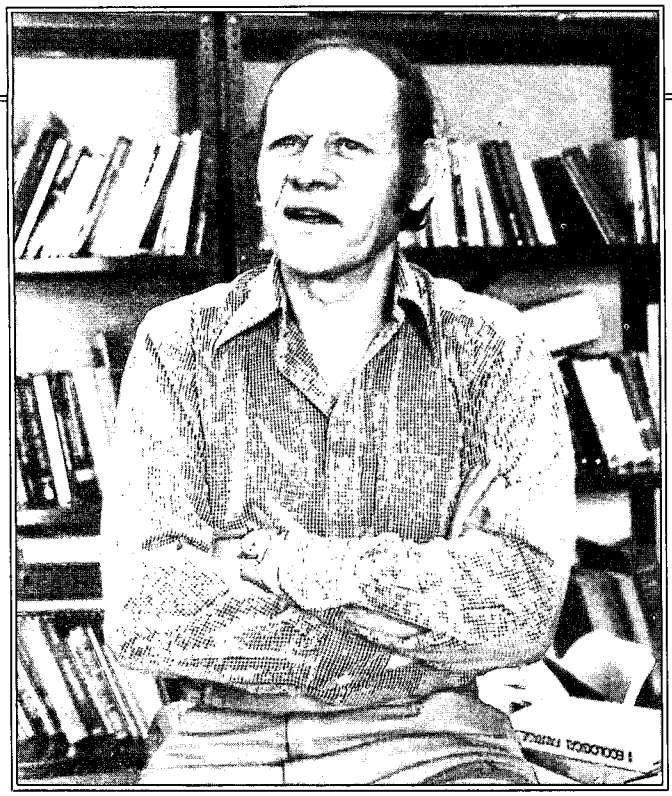
I'm a little bit disturbed about what I would consider the tyranny of principles. The great danger in the world today, I see, is rampant egalitarianism, collectivism—the effort to take a principle and to drive it all the way, destroying initiative and freedom and any sense of justice and fairness. On the other hand, it seems to me that the extreme libertarianism, which takes the freedom principle and is not willing to recognize the application of principle *in context,* equally may lead to a kind of tyranny.

Should we get rid of the public schools? It seems to me that something should be said in defense of the public school. It was the melting pot of democracy, and people learned from different ethnic, religious, racial backgrounds.

REASON: Actually, did you know that public schools started in New England in response to the fact that some private schools started to admit blacks into their classes, whereupon the civil community got so upset that they instituted their own public education system, which kept blacks out of the system? This is documented very early back in the 1600s in New England. *This* is how public education started.

KURTZ: I realize that, yes. But it was early in the 19th century that the public school movement really developed. And the idea was universal education. So, should we get rid of the public schools? But in any case the assault on secular humanism is an assault also on the private schools, because then you have the same thing happen. And the question is, don't we want to give our children the best education, and should one narrow ideological section of the society dictate what should be in the curriculum, as they are intending to do?

REASON: One of the complaints of people like Jerry Falwell is "Look, you have got this view of what a modern education



"So many people in my generation did not appreciate the need for economic freedom and freedom of the marketplace."

should be, but we don't believe all that." In other words, you are saying, "They want to impose their values on us. We're not going to stand for it." Falwell and his crowd are saying, "You're imposing your values on us, and we're not going to stand for it." What's the difference between them and you?

KURTZ: There's a real difference. I don't want to impose my values on anyone. I want historians and philosophers and scientists and critics and artists, all participating in the schools, qualified in their fields, to teach the subject matter they think is appropriate. What I'm raising a question about is this effort to denude the curriculum and to impoverish education in the modern world.

REASON: We heard that you have had some rather peculiar experiences with your opponents on the right. When some people said they wanted to give a fair shake to secular humanism, you consented and you were video-taped and there was some strange development...

KURTZ: Yes. You are referring to the fact that the CBN Network, which is one of the largest religious enterprises in the country, contacted me. Pat Robertson and his colleagues have been attacking secular humanism vigorously, and I was surprised and really appalled at the fact that they never presented the other point of view. Then one day I was called by one of the producers down there, who asked me if I would consent to do a documentary on humanism. He said they thought that secular humanism was being attacked unfairly and their viewers ought to have a chance to hear the other point of view. So they came up here to the State University of New York in Buffalo and spent eight hours, and he said it would be a fair documentary, pro and con. And I had a very good rapport with the crew that came up. So I was absolutely flabbergasted when I began hearing from all over the country that this tape was playing over and over again, and they had apparently sold thousands, and it was playing in many churches throughout the country. Finally I got a chance to see one. It seemed to me a blatant distortion and unfair caricature of my position.

REASON: What sort of thing did they do?

KURTZ: You know, what they are really doing—this is a point that I think readers of REASON should be aware of—is attacking the libertarian aspect of secular humanism, where the secular humanists believe in moral freedom of choice and the right of an individual to lead his own life as he sees fit so long as he doesn't harm others. That's the basic principle I was defending, along with the need to cultivate moral growth and development and the use of critical reason.

But in any case, I said that there is a great moral tradition that goes back to the Greeks that you can lead a noble life without necessarily going to church or adopting a specific religious code. But they began to saddle me with situation ethics. I said that I think there are general moral principles—sincerity, truth, honesty, trust—that I'm prepared to accept based on human experience.

"Are there no exceptions?"

And I said, "There are exceptions, of course."

"Do you think you should always tell the truth?"

And I said to them, "Yes, I believe truth telling is the general principle. However, there are exceptions. Sometimes you should lie. A man is in a hospital. He has had a heart attack, and you visit him, and he asks you how serious it is. If you tell him the truth, then he is liable to have another heart attack, so you withhold the information from him."

And they took these statements out of context. Do I believe in abortion? I said I believe in the right of freedom of choice of the individual and that the State ought not to regulate that. "However," I said, "abortion should not be used as a method of birth control, and in my view women ought not have it after the fourth month." But they cut all that. I said, "I believe in the right of abortion," and they showed dead fetuses in the can.

REASON: They showed this on film?

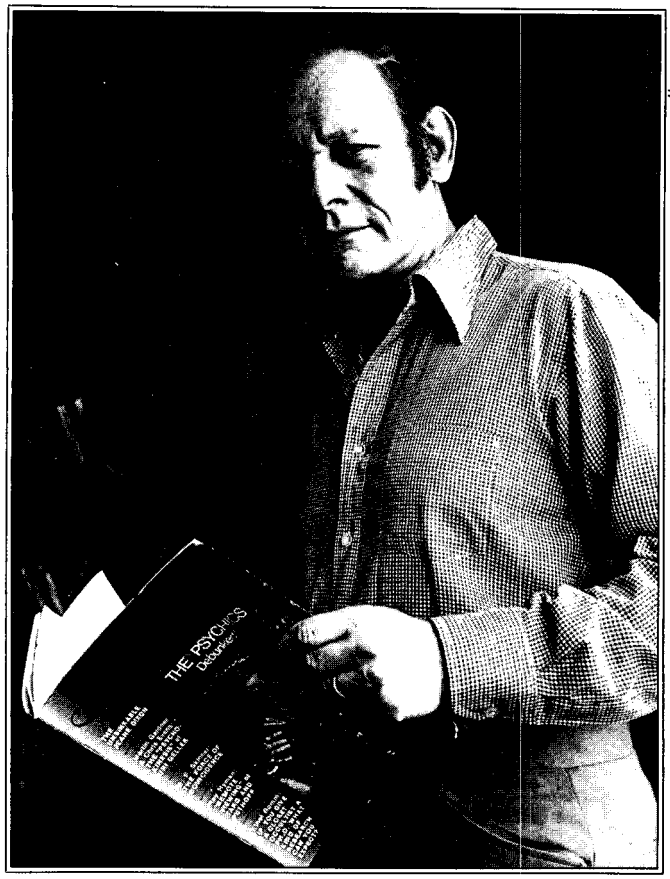
KURTZ: On film, yes. And I said, "I believe in freedom, moral freedom of the individual to his own life," and then they showed gay disco bars and a kid dead of an overdose of drugs.

REASON: So fairness is not a Judeo-Christian virtue, accepted by the Moral Majority?

KURTZ: Apparently not. I thought it was an immoral use of the media.

REASON: If you look at the people who have endorsed the Secular Humanist Declaration, you see people like B. F. Skinner and Antony Flew, and it can give the impression that there really are no clear tenets here. Is this a grouping of people who really don't share much in common?

KURTZ: No, there *are* certain principles, it seems to me, that secular humanists are willing to defend. And the first principle is a commitment to freedom, to freedom of inquiry, the free mind, and against all the efforts to repress that. And the other is a commitment to a rational process of inquiry. If REASON hadn't used that title I would have used it maybe for *Free Inquiry*. And the third principle is the view that ethical values in some sense are related to human experience and human needs and do not have to be derived either from an ideology or from a theological foundation. There are these three principles. Now we may disagree on many others, but it's a commitment to a free society and to democracy.



"I don't think that secular humanism is being taught in the schools. I think that's a conspiracy theory."

REASON: What about the secular humanists, or at least people who are secularists, who are maintaining nowadays that there are no widely valid methods for reaching truths, for reaching understanding? For example, the prominent philosopher Paul Feyerabend maintains that the Western rationalist position, coming down from Socrates, is just one of many, many equally valid approaches that human beings can take to their lives. So tea-leaf reading, astrology, turning to medicine men, or anything else—if it suits you, fine.

KURTZ: Yes. Of course, I disagree. But the fact that Feyerabend is or is not a secularist is independent. I think that one of the major problems that we face in the world—it's a worldwide problem—is the retreat from reason. It's not simply the retreat from freedom, which we all deplore in our effort to cultivate and develop a free society, but the retreat from reason. Many commentators in the universities today are appalled by the fact that subjectivism is widespread and there seems to be a breakdown of any notion that there are standards of reason or of evidence to test hypotheses or to test judgments. The growth of the paranormal is illustrative of this immediacy and subjectivity as a foundation of belief. The growth of fundamentalism, in my view, and some of the cults of unreason are also symptomatic of this. And also the growth of ideological religions in the world.

REASON: One of the things that is difficult for many of the people who also value free inquiry—and Feyerabend certainly does that—is to reconcile that commitment to freedom with what they would probably call the dogmatism of reason.

KURTZ: There certainly have been dogmatic rationalists. And although it seems to me that there are some objective criteria for judging truth claims, I shouldn't leave out the fact that skepticism ought to be a component of any objective method of inquiry. One has to be skeptical in a constructive, positive way of all things, including any dogmatic application of reason.

REASON: Is it in this general skeptical vein that you have been involved in efforts to debunk claims regarding phenomena like ESP, psychic powers, UFOs, astrology, and so on?

KURTZ: I think *debunking* is maybe too strong a term. What we want to do is provide a scientific investigation of the claims. I think it is unfortunate that the pro-paranormal point of view has been purveyed in the mass media without any criticism. The electronic media, particularly television and the movies, have led the way, and publishers and magazines and so on have been presenting this material, as true, without question. A great number of scientists in these fields who have looked at the evidence are very skeptical about it. We are trying to develop, in a very modest way, some appreciation for critical intelligence, which involves skepticism about things that have not been tested.

REASON: When you say "we"...

KURTZ: I founded the Committee for the Scientific Investigation of Claims of the Paranormal. We are going into our sixth year, and we publish a journal, the *Skeptical Inquirer.* The committee includes about a hundred scientists.

REASON: Hasn't your group actually been able to explain some of this? You take somebody like Uri Geller, who has been on television supposedly displaying his extraordinary powers. Haven't you been able to expose exactly what he's up to and how he does it?

KURTZ: Well, there's so much—every day there's something new. There are so many claims that it's hard to deal with them all. What we're trying to do is simply crystallize critical skepticism in the public. Members of our committee, and others, have attempted to examine, for example, does Uri Geller use psychokinesis to bend metal? We don't think there have been any objective tests where this has been proven. We have magicians on our committee who can bend metal when you're not looking, and we think that's what Uri Geller does.

REASON: One final question. You are a professor of philosophy and at the same time you have strongly expressed commitments in various areas of public life, personal morality, and so forth. The philosopher Leo Strauss once wrote a piece on the relationship between having a "subjective certainty," he called it, with respect to some issues and maintaining one's philosophical commitment to being open-minded and regarding every major issue as problematic, never to have the door quite closed on it. How, in your personal life, have you managed to live with these two things?

KURTZ: My model of philosophy is Socrates, and my mentor in the 20th century might be Dewey, but more particularly Sidney Hook. And I believe philosophy has a role in the marketplace of ideas. The thing that is interesting and unfortunate is that "the university" is no longer the sacred institution. Ideas, education, and the *process* of inquiry now have moved to other institutions in society—the media, the press. Philosophical inquiry is fundamental, an important activity, and it ought to be done in the larger market of ideas. So I try to apply philosophy to practice. But at the same time as I am committed to certain positions, I am committed to being skeptical. The role of the committee and *Free Inquiry,* in one sense, is to develop the appreciation for critical intelligence, for the skeptical attitude and outlook. ◻

VIEWPOINT

Do Deficits Matter?

BY MURRAY N. ROTHBARD

If I were ever inclined to feel sympathy for any politicians, it would be for the venerable conservative Republicans in Congress, who all their lives voted against any increase in the government debt limit. Then President Reagan, in one of the first acts of his "free market" administration, called upon Congress to vote another whopping boost in the debt limit, this time to over $1 trillion. With tears in their eyes, a host of conservative Republicans voted, for the first time, for such an increase. They did so, they explained, because *now*, at long last, there was a conservative Republican in the White House, and he had pledged a balanced budget by 1984.

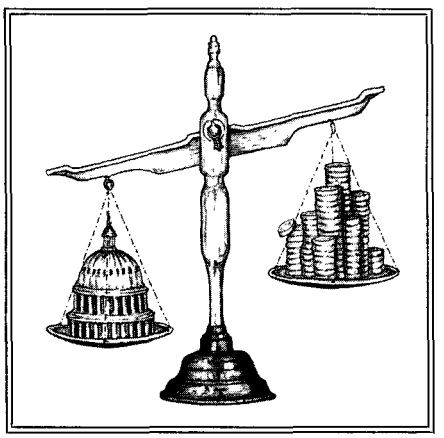
Well, it is now a year into the Reagan administration, and that pledge has already been brutally violated. The prediction of a balanced budget by 1984 has been officially abandoned, and the September projection of a $43-billion deficit in 1982 has also been tossed cavalierly into the dustbin of history. The latest administration forecasts are for an enormous $109-billion deficit in 1982—by far the largest in American history—to be succeeded by even more whopping deficits of $152 billion in 1983 and $162 billion in the Orwellian year that was supposed to bring us the nirvana of a balanced budget.

At least we don't have to worry any more, though, about the conservative Republicans in Congress being embarrassed before their constituents. In the course of the famous Reagan budget victory last summer, the administration snuck in a pernicious and unheralded change in the budgetary process. From now on, Congress doesn't have to vote specifically to raise the debt limit; whatever debt limit exists is *automatically* negated by its regular votes on the budget. Both political parties can now heave a sigh of relief; the only losers are the American voters, consumers, and taxpayers—that is, all of *us*.

The administration excuse, of course, for its wildly erroneous forecasts is that they were the victim of unexpected changes in economic conditions. This is hokum on many levels.

In the first place, no intelligent observer treated with anything but contempt the original forecast of a deficit of $42-$45 billion. It was obvious that a budget highly touted as a "massive" cut but in fact a substantial increase would have to create far greater deficits.

Moreover, there are *always* unexpected changes; there is no way to



forecast the economy accurately. So how is it that *every* administration, Democrat or Republican, persistently *underestimates* its deficits? The answer is the political process itself, which encourages administrations of any party to lie through their teeth to try to look good to the American public and then to hope, like Mr. Micawber, that "something will turn up" to bail them out. It rarely does.

The administration's panicky reaction to the bloated deficits it is foisting upon us is to abandon the veteran Republican concern for a balanced budget. The Republican economic team is a confused coalition of four groups: monetarists, supply-siders, conservative Keynesians, and old-fashioned budget balancers. But the main line is being set by the monetarists and the supply-siders, who for different reasons now counsel all of us to ignore the huge deficit; it's really not so bad, they assert (echoing liberal Keynesians of yesteryear), so we might just as well relax and enjoy it.

The supply-siders care not at all for the deficit or for the level of government spending. To them, the important consideration is to cut taxes and not increase them; tax cuts spur investment and increased productivity and will stimulate enough increased revenue to balance the budget. The supply-siders are certainly correct in calling for tax cuts, although off-the-wall in promising virtually instantaneous balanced budgets as a result. But they err gravely in failing to worry about the burden of government spending.

The monetarists, too, proclaim that deficits do not matter, so long as they are not paid for by the Federal Reserve's increasing the money supply. If they are not, then deficits are not inflationary and should not be a source of worry.

Deficits not financed by new money are indeed not inflationary, but there are two grave errors in the monetarist complacency. First, the idea that, politically, the Fed will not create new money to finance deficits of over $100 billion is simply too absurd to contemplate. Wall Street is right, and the monetarists wrong, in worrying about the Fed stepping in to finance the monstrous deficits. Second, even if the Fed abstains from inflationary financing, the deficits will exert a massive "crowding out" effect, as precious savings and capital are diverted from productive private investment to unproductive federal boondoggles. The crowding out will cripple economic growth and drive up interest rates. There is no getting around it: massive inflation or crowding out and higher interest rates or some mix of the two is inevitable given the over $100-billion deficits contemplated cheerily by the Reaganaut economists.

Unfortunately, but not surprisingly, the one group of free-market economists not consulted by President Reagan is the Austrians, despite the President's professed devotion to the works of Ludwig von Mises. The Austrian prescription: deficits *do* matter, and the budget should be balanced; but it should be done *not* and never by raising taxes but by slashing expenditures.

Where, oh where, can the budget be cut? is the general answering wail. It can and should be cut anywhere and everywhere. *Even* if Reagan only returned to the last full Carter budget of 1980 ($579 billion), the budget would enjoy a hefty surplus. The budget can and must be balanced, but on the backs of the bureaucrats and feeders at the government trough rather than the American people.

Murray Rothbard is a professor of economics at Polytechnic Institute of New York and the author of numerous articles and books on economics, history, and libertarianism.

Tips for Taxing Times

BY TIMOTHY CONDON

This is the nastiest time of the entire year. Why? Because income tax time is fast approaching. And for anyone who keeps in mind that taxes are forced exactions, and go to pay for an institution that has caused more death, destruction, and misery than any other in the history of mankind, parting with this money is particularly painful.

So I want to tell you to get your taxes done *now* and on time. A *non sequitur*? Not quite—just a prudent defensive measure. You see, if you get your taxes done early (that is, before the mad stampede at the beginning of April), you won't have to worry about getting that last-minute appointment with your tax specialist or spending a frantic, last-minute 24 hours trying to figure out the unfigurable.

More importantly, if you get your return done now, you can slip it into the mailbox *on the April 15 deadline,* along with literally millions of other harried taxpayers. Although the IRS yearly tries to deny the fact, it's been established (in congressional testimony, no less) that a person's tax return has a much better chance of slipping through without a close examination if it's mailed on or about April 15. And *this* year—tsk, tsk—it will be harder than ever for the IRS to "do its thing" with us, since presidential directives have been steadily whittling down IRS personnel by significant percentages.

Now, since you've decided to sit down instantaneously and get your taxes done, take this article with you. What follows is a host of little hints, things not to forget, places to look for extra deductions, and important nooks and crannies in the current tax law.

• First of all, be sure when you sit down that *all* your records and receipts and so forth are together in front of you. It's hard as hell to get your taxes all done (or have your preparer do them) and then happen upon a sheaf of forgotten deductions that will change your entire return.

• Second, if you're going to do your own taxes, you've got to have a good tax preparation book for reference. The most important thing to look for is an extensive and comprehensive index. Probably the best is J. K. Lasser's *Your Income Tax.* It can be found, along with about 20 other income tax guides, at any good bookstore.

• Don't neglect the venerable Schedule A—Itemized Deductions. Tax breaks often forgotten on this form include medical transportation mileage, nonprescription medicines and drugs found in your cabinet at home, medical supplies (like gauze, bandages, adhesive tape, thermometers, etc.), both cash and noncash charitable donations (such as charity mileage driven, things from your home donated to Goodwill or the Salvation Army, etc.), casualty losses (such as trees and shrubs lost in floods or freezes, not to mention the common fires, thefts, auto wrecks, etc.), job-seeking expenses, job expenses (including special clothing, safety equipment, books and manuals, gifts, etc.), tax record-keeping expenses (including notebooks, pens, ledgers, and your safe deposit box), and much else. The Schedule A is a veritable gold mine. Dig in it.

• If you made any capital gains in 1981 (through the sale of items such as land, buildings, jewelry, stocks, and bonds), you should be aware that you don't have to report it all on your tax return. Besides the normal 60 percent capital gain deduction, installment sale rules have been drastically revamped—in favor of the taxpayer—such that virtually anyone can qualify for reporting these gains on the installment basis. This means you'll report only a *part* of your profit each year; and for the next three years, at least, tax rates will be going down.

• If you own anything you can depreciate on your tax return (rental property, business machinery or vehicles, office equipment, etc.), you're going to be delighted with the new depreciation rules. For depreciable property put into use after December 31, 1980, there's a very simple 3-year, 5-year, 10-year, and 15-year set of schedules (depending on what kind of property is to be depreciated). Wonderful stuff. (And remember, if you *did* put depreciable property into service in 1981, you may be eligible for an investment credit if it's the right kind of property.)

• Other tidbits available this year include, besides the generally lower tax rates (a 2.5 percent drop for 1981), an increased child care credit for moms and dads who both work; a new research and development credit, which can be examined on the new *Form 6765: Credit for Increasing Research Activities*; and slightly changed rules for avoiding tax on the sale of a principal residence (you now get two years instead of 18 months to buy another abode, or you can take the once-in-a-lifetime exclusion, now up to $125,000).

• On the negative side of the tax battle, commodity straddles have been pretty much eliminated, greatly increased penalties of all kinds are coming on line for the IRS to beat us over the head with, and the awful and egregious Social Security taxes have gone up yet again (if you're an employee, you'll have to pay a maximum of $1,975.05, up from a maximum of $1,587.67 in 1980; the self-employed will get hit for a maximum of $2,762.10 for this monstrous boondoggle, up from $2,097.90 last year).

Naturally, the size and scope of government is going to grow in 1982, even with President Reagan's first cuts. Naturally, taxpayers are going to have to pay more in 1981 than 1980 and will pay more in 1982 than in 1981. Yet even so, we're at least somewhat better off than if the bigger spenders had won the White House. It's easy to forget this fact.

Finally, don't let me hear anyone out there complaining about high taxes if he or she is not a member of the National Taxpayers Union (325 Pennsylvania Ave., S.E., Washington, DC 20003) or the National Tax Limitation Committee (1523 "L" St., N.W., Suite 600, Washington DC 20005). Or, preferably, both. There's a long struggle coming.

Timothy Condon is an attorney and a tax specialist practicing in Florida.

Do you have a tax question? Mr. Condon may have the answer. Send your query along to REASON Taxes, Box 40105, Santa Barbara, CA 93103.

(A limited number of reader questions can be answered in print; personal replies cannot be made.)

QUOTABLE QUOTE

The hardest thing in the world to understand is the Income Tax.

—Albert Einstein

Sleep and Your Health

BY DURK PEARSON AND SANDY SHAW

Although our understanding of the biochemical and physical processes underlying sleep is still rather crude, we now know enough to be able to modify some of them repeatably.

Sleep is an altered state of consciousness from that of our everyday world. We are put to sleep by increased quantities of serotonin in the brain. Serotonin is an inhibitory neurotransmitter (chemical used for communication between nerve cells) that decreases the firing rate of certain nerve cells. The quantity of serotonin in the brain depends on a day-night clock cycle maintained by the brain. Even in the absence of any external dark or light signal to establish the time of day, most people run on a 23- to 26-hour daily rhythm.

Serotonin is manufactured by the brain from the nutrient *tryptophan,* which may be obtained from the diet (for example, bananas or milk) or from a nutritional supplement purchased in a drug or health food store. In order for the brain to convert the tryptophan to serotonin, *vitamins C* and *B-6* are required, so supplements of these ought to be taken with tryptophan for best results.

Animal studies have shown that after a large carbohydrate meal more tryptophan enters the brain; insulin released in response to the carbohydrates alters the binding properties of tryptophan to the protein that carries it in the bloodstream. This phenomenon explains, at least in part, why so many people fall asleep at lectures after lunch!

Another aspect of sleep is staying asleep once serotonin has induced us to enter that state. The cholinergic nervous system in the brain uses the neurotransmitter acetylcholine to regulate the input of stimuli from the outside world. When we sleep, this input is greatly reduced, allowing us to stop paying attention to our surroundings and enter the sleep state. Taking *choline* (along with *vitamins B-1* and *B-6,* which are required for its conversion to acetylcholine by the brain) can help us to stay asleep. *Lecithin* (which contains phosphatidyl choline) and the prescription drug *Deaner* ® (Riker) are also effective.

Why do we need sleep? This is a question that has interested scientists and nonscientists alike since time immemorial. We still do not know, but there are hypotheses.

An interesting hypothesis is that REM (rapid eye movement) sleep may serve to increase our brain's supplies of certain neurotransmitters, the catecholamines (dopamine, norepinephrine), that are important for learning, memory, long-term planning, emotions, primitive drives, motor activity, and other functions. An increase in these substances has been measured in the brains of experimental animals after REM sleep, and a lack of REM sleep has been known for many years to reduce ability to concentrate and focus and to increase aggressiveness and bad judgment.

REM is associated with dreaming, a fascinating altered state of consciousness. It is initiated in the brain by a release of the hormone vasopressin by the pituitary gland. It is currently available as a prescription drug, *Diapid*® (Sandoz), used to treat a condition of excess urination caused by a deficit of vasopressin. We have experimented with this drug (because it has been shown to increase intelligence and improve memory in several human clinical trials) and found that it increases the ability to visualize. Thus, its connection with dreaming is not surprising.

Another hypothesis concerning why we sleep is that it removes individuals from the relatively more dangerous night environment to the relative safety of the home territory. It puts us "on hold," so to speak.

One important event that takes place about 90 minutes after we begin to sleep is the release of growth hormone (GH), triggered by serotonin and dopamine. Growth hormone is necessary for the proper function of our immune system—the white blood cells, thymus gland (located behind the breastbone), spleen, bone marrow, and various chemicals, including antibodies, interferon, and complement. The thymus gland enables certain white blood cells, called T-cells, to identify and attack entities that are foreign to the individual's body. When there is inadequate GH, the thymus shrinks in size and the white cells don't do as good a job of locating, killing, and eating bacteria, viruses, and cancer cells. Certain of these white cells instruct other white cells (called B-cells) to make antibodies. This, too, is performed less well when there is inadequate GH.

Older people release less growth hormone than younger people do, and this is suspected by some scientists studying aging, including ourselves, to be an important factor in the rapid decline in health that occurs after young adulthood. It is possible to bring GH release back up to young-adult levels by taking supplements, including the nutrients *L-tryptophan, L-arginine,* and *L-ornithine* (amino acids) and the prescription drug *L-Dopa* (also an amino acid). Taking these just before bedtime increases GH release at a natural place in the daily cycle. Other stimulants of GH release include exercise, fasting, and hypoglycemia.

Reducing sleep without disturbing the brain's chemistry may be an effective strategy for life extension; even if we don't live any more years than is normal, we can increase our subjective life spans by up to about a third. Although it is possible for at least some individuals to function with very small amounts of sleep, data indicate that, for most of us, sleeping seven to eight hours a night is normal, and any substantial deviation from that amount is usually associated with a reduced life span.

Staying awake for prolonged periods results in a psychotic state (including hallucinations and paranoid delusions) that closely resembles that seen in chronic abusers of amphetamines. They both result in depletion of brain stores of norepinephrine, an important neurotransmitter. Staying awake for a couple of nights has been of benefit to some people with depression, possibly by a mechanism involving a resetting of day-night cycles. It is known that REM deprivation reduces the threshold for electrical shock convulsions. Thus, it may activate an overly inhibited

(Continued on p. 55.)

We invite questions of general interest from our readers. Send your query along to REASON Health & Welfare, Box 40105, Santa Barbara, CA 93103.
(A limited number of reader questions can be answered in print; personal replies cannot be made.)

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Tender of the Tradition

BY PATRICK COX

"A gentleman and a scholar." The phrase came up so many times in discussions about Leonard Liggio, it was obvious that his friends and associates have already reached a firm consensus about the man. But friends and associates are only one category of opinion givers; a writer can often find out more about a person from detractors and critics. Not with Leonard Liggio, though; for *everybody* seems to like him. Perhaps that's why he's been able for years to act as peacemaker between factions and figures within the group of people broadly dedicated to individual liberty.

When the old, more enlightened right of the '30s and '40s began to give way to the conservative movement of the present, with its bent toward foreign adventurism, trade protectionism, and selective welfare for business, Leonard Liggio was among the few young people who held forth the earlier ideals. They taught and talked and published during the dreary '50s, seeking to build the groundwork for a rejuvenation of classical liberalism and the old right, of *laissez faire* in personal, economic, and foreign affairs.

Liggio was a member of the Circle Bastiat, a group that met in New York City during that time "to talk about libertarian ideas and generally carouse," according to Murray Rothbard, who was also a member with Ronald Hamoway, Ralph Raico, Robert Hessen, and George Reisman. A history buff, Liggio went on to study history at Georgetown University, international relations at Fordham University, and law at Columbia Law School. The Circle Bastiat was one element of a large group of people inspired by novelist-philosopher Ayn Rand and her uncompromising defense of *laissez-faire* capitalism and a government limited to protecting its citizens' human rights. When the group of people around Miss Rand started splitting apart in the '50s, Liggio and Murray Rothbard became guiding lights to many youthful devotees of what was soon to become known as libertarianism.

Around 1952 Liggio had developed a friendship with F. A. "Baldy" Harper and was frequently traveling to Irvington-on-Hudson, New York, where Harper was working at the Foundation for Economic Education with Leonard Read. In the early '60s Liggio began working with the William Volker Fund, which was setting up the Institute for Humane Studies in

LEONARD P. LIGGIO

Menlo Park, California, with Harper as president. Liggio began giving lectures at IHS seminars, especially on historical matters.

Most of the period's leading defenders of classical liberalism were associated with the institute. Ludwig von Mises, F. A. Hayek, Henry Hazlitt, Rothbard, and Ben Rogge are just a few. Under Harper's leadership, IHS went about the business of schooling new minds in the philosophy of freedom. According to Liggio, the movement died out in the '50s because the spokesmen of the philosophy had died out. The old right never invested in developing and promulgating the intellectual underpinnings of liberty, and those who did understand and put forth the ideas never prepared young intellectuals to take their places. The Institute for Humane Studies was dedicated to fulfilling that role, via a program of publishing, research support, and seminars and conferences.

While continuing to participate in IHS programs, Liggio was, through the '60s and '70s, working with Rothbard on his first two volumes of his American history series, *Conceived in Liberty,* and then teaching at City College of New York and SUNY College at Old Westbury. In 1977 he took up a position with the newly founded Cato Institute, where he directed one of its projects: *Literature of Liberty,* a quarterly that provides abstracts of recent scholarly articles on or related to individual liberty.

When the Cato Institute began to cut back on its less policy-oriented programs in 1979, *Literature of Liberty*—and Leonard Liggio—found a home back at the Institute for Humane Studies. With the death in 1973 of Baldy Harper, who had inspired much of the support for IHS and provided it with a guiding vision, the institute had been going through a period of search for new financial backing and a clear-cut direction. Liggio was appointed president in 1979 to bring back some of the vitality that was evident while Harper was at the helm. Among IHS's recent activities are support for Austrian economics at Stanford University and a continuing program of conferences, seminars, and publishing.

When asked about the goals of the institute, Liggio points to Hayek's widely reprinted essay, "Intellectuals and Socialism." The socialists talk about the masses, notes Liggio, but they invest in swaying the opinions of the elite, of policymakers and intellectuals. IHS's efforts, too, are directed toward those who put forth and act on ideas. Or, as Liggio says, they're "investing in human capital."

Although Liggio is generally optimistic about the prospects for liberty, he says the process has only just begun. Most people, he insists, are already libertarian; they just don't know it. "The role of the libertarian movement is to help people understand. The problem is that some libertarians want people to change. They denounce people for not being libertarian. They want to confront them instead of helping them."

Leonard Liggio puts his own words into action. He is in the business of helping people to understand. Because he has not been involved in dramatic confrontations or electoral efforts, many people may never appreciate how fundamental his influence has been. A "nice man," a "gentleman and a scholar"—those words were used to describe Baldy Harper, and they are now being used to describe Leonard Liggio. We could use a few more.

Patrick Cox is a free-lance writer.

arts & letters

MOVIES

Reviewed by John Hospers

Reds

During World War II there appeared on assorted screens a miserably inept and propagandistic film made from John Reed's best-selling book, *Ten Days That Shook the World,* the story of the Bolshevik Revolution in Russia on which Reed continued to pin high hopes until his early death. Much better is *Reds,* the story of the life of John Reed.

As a work of art, *Reds* is unnecessarily episodic, with brief interviews with aged "witnesses" (unfortunately not named when they appear on the screen) who remember the persons depicted in the story; among them are Rebecca West, George Jessel, and Henry Miller. The first part of the film drags—unless one is interested in the ups and downs of the love affair between the two principals—and only comes to life with the storming of the Winter Palace in Petrograd, just before the intermission. After that it is episodic again: the return to New York, the squabbles within the American Socialist Party, the return to Russia, Reed's death from typhus there. The film never achieves the continuous sweep of character-with-history such as becomes so absorbing and moving in (for example) *Doctor Zhivago,* although this 3½-hour, $40-million picture is equally ambitious as a historical saga.

One doesn't learn very much about the political convictions of those involved in the Revolution; for this, one would do better to stay home and read Edward Crankshaw's *Shadow of the Winter Palace.* Indeed, there is not a single coherent political or economic argument to be found in the film, only people voicing convictions, usually with a degree of coherence that might earn one a C-minus in a freshman composition class. But the film isn't primarily about politics; it's about the personal lives of people who are involved in political activism. Diane Keaton plays marvelously the role of the "liberated woman" of the World War I era who, until she finally marries Reed, is unhappy when she is committed to him and equally unhappy when she isn't. Writer-director-producer Warren Beatty plays Reed with verve and energy, fully convincing us that Reed had the kind of

Warren Beatty as John Reed in Reds

charisma that could generate in others unquestioning loyalty. Jack Nicholson plays Eugene O'Neill as if he were Nicholson. Maureen Stapleton is Emma Goldman, the Lithuanian anarchist who, alone among the principal characters, at last becomes disillusioned with the Revolution.

The villains of the film are the American authorities who break into houses and confiscate Reed's writings and forbid his reentry into the United States. Nothing is said in criticism of their Soviet counterparts, the Chekha (secret police), on which one should read (for example) volume one of Alexander Solzhenitsyn's *The Gulag Archipelago.* Nor is there any criticism of the unbelievably repressive methods used to initiate the Revolution. Louise Bryant (Diane Keaton) does criticize Reed for his revolutionary activity, but only when he leaves her to return to Russia: "You want to tell the workers what they want, whether they want it or not," she says, with rare perceptiveness. But of the Revolution itself she is as loyally uncritical as her husband.

In his *Theory and Practice of Bolshevism* Bertrand Russell related an interview he had with Lenin, during which Lenin signed his name to some papers containing the names of some thousand people. When his deputy reported later that all the people on the list had been duly shot, Lenin explained that when he signed he thought that the people on the list were only to be investigated. Then he joked with Russell about the incident; all in a day's work, it seems. It is this aspect of the Revolution that receives no emphasis whatever in Beatty's film.

Absence of Malice

Lawsuits for libel can no longer be sustained in the *Absence of Malice:* unless malice is proved, persons and newspapers can say pretty much what they like against others. A reporter for a Miami newspaper (Sally Fields) writes a story about a man, citing "informed sources" who cannot be tracked down. The accused (Paul Newman) demands a retraction, but the FBI, suspecting him of a murder largely because of the earlier implication of his father in gangland crime, is meanwhile (as she knows) investigating him, partly by illegal means. As she becomes acquainted with him she comes to regret her slanted story and tries to make amends by clearing him—which, however, involves her publishing an admission by a Catholic girl that she was with him on the day of the murder, having an abortion in another city. This revelation, though true, causes the girl to kill herself. Thus is precipitated a complex series of conflicts and confrontations involving the innocent man, the reporter, the newspaper, and the FBI.

Paul Newman has never been better than in this Gary Cooper-like role of the strong, indomitable, moral man. Sally Field performs superbly the role of the reporter who, though intelligent and well-intentioned, inadvertently brings harm and grief to others. But the best thing about this fine picture, aside from its taut and highly controlled direction by Sidney Pollack, is its literate script (also by Pollack), making of the story an eloquent morality play with a keen cutting edge and a sense of the complexity of the issues. When she asks Newman what really happened on the night of the murder, he replies, "If you ask me as a person, I'll tell you; if you ask me as a reporter, I have no comment." Another example: "I know how to write the truth," a head reporter tells her, "and I know how not to hurt people; but I don't know how to do both." This film is a dramatic illustration of the conflict within a reporter who makes the attempt.

John Hospers is a professor of philosophy at the University of Southern California and the author of Understanding the Arts *(Prentice-Hall).*

BOOKS

Dethroning the Monarchs of Racism

The Other Side of Racism: A Philosophical Study of Black Race Consciousness.
By Anne Wortham..
Columbus: Ohio State University Press. 1981. 353 pp. $12.50.

Reviewed by William Allen

The Other Side of Racism is a book that had to be written, much as Harriet Stowe said of her *Uncle Tom's Cabin.* It is also a book that is likely to be as much misunderstood as was Stowe's classic.

Uncle Tom's Cabin was subject to an ironic fate. While it succeeded marvelously in contributing to the abolition of slavery, the argument upon which it relied did not survive its fame. Stowe's fundamental intent was to prove that there is no basis for judgments founded in racial stereotypes. Her book, however, has provided the most notable stereotype of our era, the Uncle Tom. How has this come to be? The answer to this question probably poses the principal hurdle that Anne Wortham's important work must surmount.

Stowe's view on the question of race is implied in *Uncle Tom's Cabin* by means of heuristic devices. The novel contains 81 plausibly categorical references to "race." And the single emphatic element of these references, taken as a whole, is the variability of the human substance that provides the grounds for judgments of racial affinity. By far the greater number of references are rooted in signs of character, with the attendant result that the hero, Uncle Tom, ends up belonging to some eight explicit races by the time the novel ends. By this means Stowe eventually shows that the chance of human excellence or virtue stems from individual capacities of soul rather than from the race or political circumstances. Stowe's argument led her to reveal her project as an attempt to define the purpose of politics as the protection of human nature.

One would think that such a view would lead people away from facile racial judgments and toward a genuinely cosmopolitan perspective. What occurred, however, is that people found the opportunity to express their hopes as individuals by means of racial affinities. Thus, they could not suffer to admit infinite variabilities that would allow for an expression of views contrary to political objectives based on racial identity. Individual character, as a resource, was abandoned for the sake of a stereotype. And nonassimilable individual characters were subjected to taboos. The reaction to the many choices of race that Stowe offered was to amalgamate them in a generalized view of unworthy blacks.

Anne Wortham's intention is no less lofty than Stowe's. She sets forth the view that the "social significance of racial identity is not derived from laws of nature, but from the conventional judgments of men. Racial identity is given to us by nature, but the natural laws of existence give it no significance in so far as human survival is concerned." Accordingly, her study of race consciousness is the study of options that men have taken and do take, with the intent to reveal how they operate with equal force among stigmatizers and the so-called stigmatized.

Yet, she is a sociologist. And in good form she relies upon "typologies" to set forth the manner in which individuals experience and exercise the options they confront in matters of race. Consequently, one discovers in *The Other Side of Racism* characterizations of (primarily racist) perspectives that have all the force of *class* designations. One finds the "conventional integrationist," the "power-seeking nationalist," the "spiritual separatist," the "independent militant," and the "ambivalent appeaser," as well as distinctions of lesser note. In Wortham's model, these modes of interaction are primarily reflections of "dilemmas of self-esteem." That is, while these terms suggest classes, we mean to deal with individuals.

The reader notes, however, that the characterizations are not simply reducible to expressions of individual character. For, unlike the model of the rational individual (the Aristotelian model) upon which she relies, these characterizations serve to distinguish individuals in groups rather than to distinguish individuals simply. Aristotle speaks of the virtuous and the vicious in a way that manifestly cuts across all possible conventional distinctions. The typologies of sociology lack that power.

In this sense, Wortham's study is exposed to the very perils it seeks to elude, those perils that got the better of Uncle Tom. Such a fate, in my opinion, would be unworthy in the one case as it was in the other. Accordingly, I wish to canvas the implications of *The Other Side of Racism,* which serves so well to dethrone the proprietary monarchs of racism.

The counter model, the antiracist, the human himself, for Wortham, is "the person of authentic self-esteem,"

> *The man who was not incapacitated by slavery; who was not impeded by segregation; and who is not impaired by prejudice. He is neither impressed nor incited by racist testimony in his behalf; he is not made indistinct by the assertions of others that his is a collective identity; and he is not irresolute in his convictions that* he *is the captain of his fate—not the genes of his ancestors nor the socioeconomic statistics of his social location. He is no all-seeing, all-knowing, error-free paragon of perfection, but an ordinary human being willing to think and discover the truth on which his life depends. He is an unbiased individual—a person whose identity is based on self-interested self-consciousness, not ethnicity or race consciousness.*

The strength of this affirmation of the ordinary man is necessitated by the fact that he is constantly under assault by self-appointed spokesmen who use him as the means to secure their own control of and profit from public policy.

The lines are clearly drawn in *The Other Side of Racism*: racism is greatly perpetuated by the unscrupulous who are willing to sacrifice not only their own dignity but the very freedom of others to their ambition for power. Abraham Lincoln described these lovers of distinction as men who would sate their lust "whether at the expense of emancipating slaves, or enslaving freemen."

The implication is that a people's liberation from racism hinges much upon the moral harshness (yes, that's just the word) with which they deal with the racists. Uncoupling public policy from racist quotas and limitations is the necessary condition for directing men's judgments toward intrinsic human concerns. But the sufficient condition is a people's willingness to defy implied identifications. Wortham's great contribution to this project is a careful demonstration of the grounds upon which the so-called renaissance of ethnic consciousness may be reduced to its proper proportions; that is, in American society, ethnic identifications are mere aesthetic baubles, interesting, to be sure, but providing nothing more than relaxing diversions from life's serious pursuits.

The age of multiculturalism is an age

of deceit, seeking to raise to the level of fundamental social bases principles inherently destructive of a free social order. It may suit the terms of Marxist analysis and ambition to treat ethnic groups as the principal social units. But this perspective directly conflicts with the American goal of liberating the individual's fate from the thrall of the uncertain and illiberal fluxes of group sentiments.

In this vein, I must take exception to Anne Wortham's conclusion that the issue of race consciousness is rather moral and psychological than political. This seems more a state to be aimed for than an accurate reading of the state in which we live. From the beginning, the Founders conceived their enterprise to be to liberate men from the theretofore common absorption of race consciousness (intolerance) by political consciousness. They offered the world the first genuine example of social policy for the individual—a scheme intended to be wholly independent of the need for special protections (and exclusions) and laws for minorities. The historical and present case of the United States demonstrates that this is an ongoing project, inasmuch as Old World tendencies are continually resurgent.

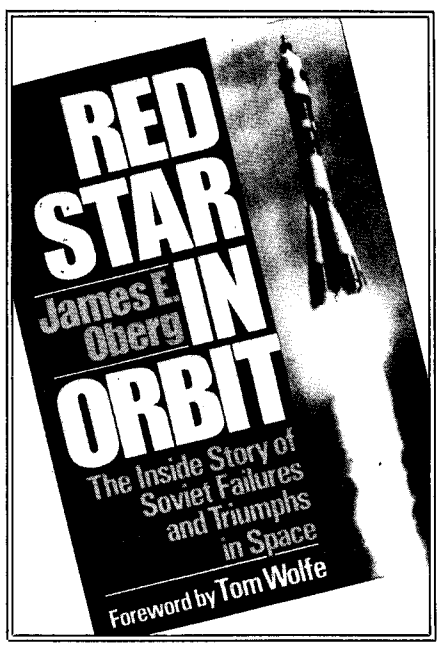
The problem of the ex-slaves is germane. The whole question of blackness is defined in relation to America; self-perception is grounded in the need to come to terms with America. The "turn to race" as an escape from the perceived attitudes of whites merely affirms the point. Africa for the American black is not a *terminus ad quem* but a *via media.* In fact, the identity of the ex-slave is finally and irrevocably divorced from the mere genealogical connection. But this only gives genealogy as a means of voluntary self-expression greater force. In this light, even fanciful genealogy is legitimate. It is presumably but a short step from the making of baubles to preserving them in strong vaults, to be taken out for display only on very special if frivolous occasions. That, it seems to me, is truly the other side of racism!

William Allen teaches political thought at Harvey Mudd College in Claremont, California.

The Soviet Space Horror Show

Red Star in Orbit.
By James E. Oberg.
New York: Random House. 1981.
272 pp. $12.95.

Reviewed by G. Harry Stine



A European once said that hell is a place where the English are the cooks, the French are the mechanics, the Italians are the managers, the Germans run the police force, and the Russians write the history books. There's a great deal of truth to this. The Soviet Union has constantly rewritten its history books and has even eliminated certain words from the Russian language so that Soviet citizens can no longer understand the things engraved on Czarist buildings. Ambrose Bierce defined a Russian as a person with a Caucasian body and a Mongolian soul, which would account for the Soviet passion for face-saving propaganda.

James E. Oberg is well aware of these generalized Soviet characteristics in his book *Red Star in Orbit,* which is perhaps the best of the Western accounts of the Soviet space program. Oberg and several of us have been following the Soviet space program since before the traumatic launch of Sputnik I on October 4, 1957. Because the Soviets are secretive about their space program due to its military nature, Soviet space watchers must piece together what's really taken place by using Soviet official announcements; statements from defectors to the West; photographs that are deliberately out of focus, retouched, or otherwise tampered with; a general engineering knowledge of rocketry and astronautics; a knowledge of the Soviet way; and a historical perspective. Oberg has combined all of these into what is probably the best overview of the Soviet space program yet published.

Were the Soviets in "the moon race" with America? Yes, but they canceled their program in early December 1968 when it became obvious they couldn't win. So they stated they were never in the race at all. As Oberg points out, their own space activities make liars of them.

Most of the aspects of the Soviet space program are repugnant to our values and sense of humanity. This didn't or doesn't keep the Soviets from conducting their space program as their totalitarian government is run: with no respect or concern for the individuals except as they may contribute, willingly or otherwise, to the aggrandizement of the Communist Party and the State.

Many of us knew about Soviet space disasters through unclassified sources. Many of us have written about them. But Oberg brings it all together to recount the Soviet Space Horror Show. You should read this nontechnical book to learn the details of such disasters and disregard of human life as:

- *Sergey Pavlovitch Korolev,* who was incarcerated in Gulag death camps, then in a prison reserved for scientists and engineers. There he continued to work on aircraft during the Great Patriotic War (the Soviet name for World War II) and was a political prisoner—in fact if not in name—even when he convinced Krushchev of the political value of satellites and manned space flight. He died in 1966 during a hemorrhoidectomy botched by the Soviet minister of health, who insisted on performing the procedure without any recent experience.
- *The Nedelin Catastrophe* of October 1960, when Krushchev ordered a space spectacular during his visit to the United Nations in New York. The *Semyorka* rocket failed to ignite and, in total disregard for safety precautions but under political pressure, Field Marshal Mitrofan Nedelin ordered the engineers and technicians back to the rocket, which was still loaded with propellants. The *Semyorka* blew up, taking with it the cream of the Soviet rocket cadre. Nedelin and everyone around the pad died. Nedelin's death was announced as the result of a "plane crash," and he was buried in the Kremlin Wall. There are hundreds of graves at the Soviet Baikonur Cosmodrome—which isn't at the town of Baikonur but north of Tyuratam, east of the Aral Sea—another Soviet deception.

• *The Voskhod folly,* when Krushchev ordered Korolev to redesign the one-man *Vostok* spacecraft to hold three cosmonauts. This was done to upstage the United States' Gemini program with its two-man capsule and space-walk plans. As a result, none of the three *Voskhod 1* cosmonauts had a space suit for emergencies. And the first space walk by Leonov in *Voskhod 2* came close to a disaster because of a series of technical oversights that nearly prevented Leonov from reentering the spacecraft.

• *The Soyuz 11 disaster* that killed three cosmonauts because a simple valve failed. They weren't wearing space suits because there wasn't room or weight for these. They died of asphyxiation before they could land.

There are more. They make Oberg's book a chilling tale of what happens in a totalitarian state where the individual is subservient to the descendants of Attila, where science and engineering are political propaganda tools to boost the image of the State, and where an individual human being climbs into a death trap of a spacecraft either because his indoctrination makes him put his own life at the service of the State without reason or because he *must,* lest he and his family become un-persons.

The book is a primer on what can be done with primitive technology if people are driven to use it. The Soviet Union and its Communist Party are committed to a space program not only politically but philosophically, and they're successful at the expense of their people.

The true story of the Soviet rocket and space program may never be known because the Soviets document only what will benefit the party and the State. But James Oberg deserves kudos for writing *Red Star in Orbit,* which is a study of man's inhumanity to man utilizing technology in a morally and ethically dishonest fashion.

Read this book. It describes a microcosm of life in the Soviet Union. It's a warning that may prevent us from falling into the same hole in the road to the stars. And it makes one proud of what free people have been able to accomplish.

G. Harry Stine's most recent book is The Space Enterprise *(Ace Books).*

Worldwide Woes Of Rent Control

Rent Control: Myths and Realities.
Edited by Walter Block and Edgar Olsen. Vancouver: The Fraser Institute. 1981. 335 pp. $9.95.

Reviewed by Peter D. Salins

My first reaction upon opening this book was, "How tiresome, not another book on rent control." This reaction was not provoked by any sympathy on my part for rent control—quite the contrary. I just thought that rent control was one wicked horse that has been flogged so long and so hard by economists that surely it must by now be thoroughly dead, requiring no further administration of the whip to prevent its intellectual revival. Yes, I know that here and there we have rent control, not least conspicuously in my native city of New York; but nonetheless, no one other than tenants—and the politicians who need their votes—can still defend it with a straight face.

Well, I must report my reaction changed as I worked my way through this collection of essays and articles on the rent control experiences of six nations. Some of the articles are new and were apparently written expressly to appear here; others are reprinted from sources widely spaced in time and locale—as long ago as 1930 (Hayek) and as far away as Sweden (Rydenfelt). As the anti-rent-control arguments mounted, Rashomon style, with the same flaws and defects being observed, measured, and criticized from different vantage points (geographically, chronologically, from various aspects of microeconomic theory), I became once again enraged at the cupidity of the public and their political leadership in promoting and tolerating a system so economically shortsighted, so unfair in its incidence, so counterproductive of its intended goal of furnishing universal access to high-quality housing.

My reaction also changed because, even as a veteran housing-policy analyst, I learned some things. While all the microeconomic arguments should be familiar to economists and housing specialists, some of the empirical data, especially on the experience with rent control in Europe and Canada, was, for me, new and extremely illuminating.

Even the familiar microeconomic points gain a certain force from repetition in this volume. Example: the notion of a *housing shortage* as the rationale for imposing rent control is absurd not only because one can expect that underpricing any consumer good is guaranteed to exacerbate its scarcity but because demonstrably in every locale that has invoked this rationale *there was no housing shortage* before rent control was imposed and there came to be one afterward. This is documented for the United States by Friedman, Stigler, Olsen, and Kristof; for Europe by Rydenfelt, in his very thorough analysis of the rent-control experience in Sweden; and for Canada in a recent study by Kalymon.

Example: Anyone who has ever lived in a rent-controlled city knows that many of the beneficiaries of rent control are by no means poor, and, conversely, many of its "victims" (that is, landlords) are by no means rich. But one does better appreciate the real extent of the capriciousness of the economic incidence of rent control after reading the chapters by De Jouvenal, Hayek, Olsen, Rydenfelt, and Kalymon. Forget for a moment the supposed transfer of wealth from landlords to tenants. The greatest unfairness lies in the impact on the tenant class itself. Oc-

COMING ATTRACTIONS

Out in the Cold: Federal tax, procurement, and R & D policies are skewed in favor of big business, freezing out innovative, risk-taking entrepreneurs—the "little guys." What are the consequences and what should be done?

Weapons Woes: America's military leaders are knowingly handing faulty weapons to the nation's soldiers. A REASON investigative reporter looks into the massive weapons procurement system to find out who's promoting ineffective weapons and why.

Plus: Jim Davidson's reflections on what happens when Washington closes down, and Durk Pearson and Sandy Shaw on the great sugar debate. Plus all the rest of REASON's features and articles.

cupancy of a rent-controlled apartment is a product not of need, hard work, or even seniority; it is a result of luck, bribery, treachery, or, perhaps, incredible persistence. Once attained it is a vested, capital asset, the value of which is itself erratically distributed among rent-controlled tenants according to the desirability of individual apartments and the locational vagaries of the underlying housing market.

Example: We are familiar with the general notion that rent control contributes to a housing shortage by stimulating demand, but it is interesting to see specifically where the added increment of demand comes from. Rydenfelt empirically demonstrates (at least for Sweden) the impact of rent control on household formation and the role played by unmarried individuals in adding to the stock of housing demanders as the price of housing falls.

Example: Most housing analysts subscribe to the view that rent control depresses supply, but we must remain at least somewhat uncertain on this score when faced with the kinds of typical rent-control ordinances that exempt new construction from control. Kalymon establishes convincingly that the rate of housing starts corresponds inversely to rent control. He and the other non-US contributors argue that this is not so much a function of whether or not new housing is controlled but that expensive uncontrolled units cannot compete with cheap controlled ones except in the very strongest locations and for the most affluent sector of demand.

One of the few arguments that is unconvincing is the assertion that rent control represents a massive transfer of wealth from landlords (or other components of the ownership sector) to tenants. Kristof estimates the value of this transfer for New York as being $20 billion over the 33-year life of rent control. Clearly, where there is a differential between market rents and controlled rents, the discrepancy must be accounted for somewhere. It is simplistic, however, to view it as a mere transfer from owners to tenants. Some of the differential is obviously absorbed in deferred maintenance. To the degree that the differential is itself a *product of rent control* (because of the way in which demand is stimulated and supply reduced), the transfer is a chimera that would largely disappear with decontrol. Finally, for most members of the ownership sector, the differential has already been capitalized at the time of acquisition of a rent-controlled property. All of these points are made in various contexts but never specifically related to the "transfer of wealth" concept.

This is a quibble, of course. For the most part, *Rent Control* is a highly informative volume and one that gives new ammunition to the long-standing enemies of rent control; it may perhaps even convert the occasional rent-control advocate who can be persuaded to read it.

The presentation of the book, however, is far from satisfactory. The problem lies in the ambiguity surrounding the book's intentions: whether to be a polemical tract or a solid compendium of social science research. The way in which the book is presented, for example, with its argumentative subtitle, a cartoon-like cover, and silly photographs that contrast scenes of housing abandonment (by inference, therefore, the consequence of rent control) with scenes of wartime devastation, all contribute needlessly to a tract-like quality almost guaranteed to arouse the scorn of serious scholars and policy analysts.

Also, while there is ample and respectable precedent for a collection of readings so disparate in terms of dates of first appearance, backgrounds of authors, national orientations, etc., the basis for such a collection should be much more clearly spelled out in a strong introductory chapter. The failure to do this—indeed, even the failure sometimes to identify accurately the time and auspices of authorship (whether a particular chapter is original to the volume or a reprint)—further detract from the book's potential contribution as a serious addition to the housing literature. I offer these criticisms with regret because, editorial and publishing problems aside, I think this is really a very good and academically respectable book.

Peter Salins is chairman of the Department of Urban Affairs at Hunter College, City University of New York, and the author of The Ecology of Housing Destruction.

From Talking Toys To Talking Tools

The Micro Millenium.
By Christopher Evans.
New York: Viking/Washington Square Press. 1980. 308 pp. $10.95/$3.50.

Reviewed by Jack Shafer

The Industrial Revolution burst forth because of the invention of a portable, economical, and mechanical power source—the steam engine—that emancipated and amplified muscle power. Likewise, writes Christopher Evans in *The Micro Millenium,* an analogous "Computer Revolution" is now accelerating at breakneck speed because of the invention of an extremely portable, dirt-cheap, electronic computing source—the microprocessor—which, he predicts, will emancipate and amplify our brain power and will change our society as radically as did the Industrial Revolution.

The microprocessor is a tiny piece of silicon etched with complex electronic logic; it functions on minute amounts of power and acts as the brains and central nervous system of every cruise missile, video game, digital watch, and calculator. Any task that can be exactly defined and requires no human judgment can be replaced by the microprocessor. The replacement of the mechanical calculator and watch markets with other markets in the last 10 years is but a hint of the industrial and commercial changes the microprocessor will catalyze in the closing years of this century.

It was the taxpayer-financed arms race that spawned the first electronic computers; the space race completed their miniaturization. When the space race ended, the engineers who were jettisoned from their subsidized jobs started their own high-technology companies, like those in the Silicon Valley south of San Francisco. Instead of competing directly with the big computer firms in established markets, the engineers created *new markets*—minicomputers, microcomputers, calculators, watches, and games—and reaped fantastic profits. The big companies sought to compete with the new firms, but the new markets changed so rapidly that the industry giants were unable to steer their awesome corporate inertia quickly enough to capture the new markets or create their own.

The coming Computer Revolution, Evans predicts, is unstoppable and will affect all human lives. Evans foresees a massive microprocessor-reindustrialization of the entire world as engineers etch their genius on silicon chips to make factories, cars, buildings, and systems run "smart," use less energy, increase productivity, and thereby increase the total standard of living. Like the shat-

tered mechanical watch and calculator industries before them, every entrenched industry will feel the hot breath of the microprocessor entrepreneurs. Driven by the motor of profit, the microprocessor industries will replace or augment the conventional photographic, publishing, entertainment, and established computer companies as they exist today, resulting in a major redistribution of economic power.

It will be a world revolution. While some unions and capital-poor industries will squawk for government restrictions on the replacement, say, of assembly-line workers by microprocessor-smart robots, they will be fighting a battle that has already been decided. Around the world industries are opting for microprocessors. The future has been written: compete by using microprocessors, or fold.

There is also the strong possibility that the microprocessor will help roll back the State. As new "micro-smart" businesses bid away the State's captive customers, statist institutions like mail, security, and schools might be directly reduced.

The Micro Millenium provides a concise history of the computer and a preview of the surge of affluence and social transformation to come. Today, many dismiss the game and gimmick applications of microprocessors, but it is the creation of this enormous consumer market that is raising large amounts of capital that will make the future of the industry so formidable. The progeny of talking toys will be talking tools.

Jack Shafer is the managing editor of Inquiry *magazine.*

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Uneconomic Philosophizing

Welfare, Justice, and Freedom.
By Scott Gordon.
New York: Columbia University Press. 1980. 232 pp. $17.50.

Reviewed by Arthur M. Diamond, Jr.

Gordon's political philosophizing shares a frustrating flaw with F. A. Hayek's: both men dismiss everyone they dislike by grouping them under a vague pejorative label—in Gordon, "Edenic philosophy"; in Hayek, "constructivist rationalism." For Gordon, Edenic philosophy includes religious faith, authoritarianism, utopianism, natural harmonism, and positivism. Among those in the fourth category, he explicitly includes Ayn Rand, Herbert Spencer, and Robert Nozick. Gordon's thesis is "that the problems which man faces as a social being cannot be solved, or even ameliorated, by Edenic thinking." Finding a common element among the diverse categories of Edenic thinking is not easy. Apparently what Gordon objects to in all of them is the belief that in some way human life can be improved. According to Gordon, man is "cursed"; "moral problems are insoluble by any method"; and "political activity" is the only way of "coping."

The book has small pages, generous margins, and large type. With so few words and such a broad thesis, only a highly disciplined pen, ruthlessly avoiding the irrelevant, could manage to go beyond banal generalities. Instead, Gordon allows himself the luxury of summarizing what Bentham thought about this or Knight thought about that. When he is not engaged in the sterile linguistic exercise of trying to find out what a word really means, he is name dropping from his list of leading intellectuals. The treatment he gives each thinker is so brief that at best it is superficial and at worst inaccurate (Rand, for example, is labeled an anarchist).

Gordon, you see, has yielded to a common temptation among prestigious academics—a temptation that it takes an uncommon man to resist. For several years he has taught a course at Indiana University on the political philosophy of economists. He has accumulated a large pile of lecture notes. When such a pile is seen by its creator late at night at just the right angle, it seems to resemble a book-length manuscript. The result is *Welfare, Justice, and Freedom.*

Occasionally Gordon presents a substantive argument, but more often his method is proof-by-assertion, lent authoritative force every page or two by a well-dropped name. An illustration of the characteristic proof method is Gordon's refutation of Nozick: "Most people would reject this, I think; at any rate I would." Bald assertion of this sort is unfortunately not the worst that Gordon has to offer. All too frequently the reader finds himself mired in a second species of assertion, the wishy-washy convolution. For example: "considered judgment suggests that such a statement would not be nonsensical." Indeed. After reading this book, considered judgment suggests that maybe we would be better off if trees really did have rights.

The review might well end here were it not for the fear that political philosophers who are already skeptical of the role of economics in policy disputes might take this book as one further bit of evidence that economists have nothing to say to political philosophers. Such an inference would be mistaken. In trying to do political philosophy the way political philosophers do it, economist Gordon has forgotten one of the first propositions of

economics: specialization permits increased productivity. Those economists, such as Gary Becker, George Stigler, and Milton Friedman, who do have something to say to political philosophers have not forgotten the proposition.

The message of these economists is that policy disputes are not attributable to differences in values but rather to differences in constraints. Friedman emphasizes information constraints: if everyone understood the effects of socialism, few would support it. The bottom line is that progress, when possible, comes not through philosophizing about values but rather through loosening the constraints on universally held values. You do not need to tell people that they should want freedom, dignity, and bread. They already want them. Explain, instead, how such values can be achieved.

Arthur Diamond teaches economics at Ohio State University. He has degrees from the University of Chicago in philosophy and economics.

Good Advice Strung Out

The Sky's the Limit
By Wayne Dyer.
New York: Simon & Schuster. 1980. 383 pp. $11.95. New York: Pocket Books. 1981. 383 pp. $3.50 paper.

Reviewed by Jack Kirwan

There is something to be said for only reading books by dead people. At least they don't surprise you by coming out with ringers.

Take Wayne Dyer for example. He's the author of half a dozen books, three of which are aimed at the general market: *Your Erroneous Zones, Pulling Your Own Strings,* and, last and least, *The Sky's the Limit.* Now if the good doctor (he only has an Ed.D., but that still qualifies him for the title) had passed on after publishing the first two, one could have written a hell of an obituary about the legacy he left us and what a tragedy he never finished, etc., etc. Or if he was an old-timer, you might have been lucky and read his books in reverse order. If so, you would have marveled that his style and insight had improved with each volume. Too bad it's the other way around.

What made *Your Erroneous Zones* a runaway bestseller a couple of years back was that Dyer had some new things to say about self-help and said them so simply and well that anybody could pick it up and get a lot from it. As far as presenting abstract ideas clearly without sacrificing depth, it could be used as a textbook in a course on technical writing. The same applies to *Pulling Your Own Strings,* although it is a one-issue book (how not to be victimized). But with *The Sky's the Limit,* the good stuff—and there's a fair amount of it—is obscured by all the padding oozing out between the seams

Take language, for example. While the prose of *Your Erroneous Zones* is lean and tight and the thinking unmuddled, *Sky* has sentences like: "What I am suggesting is that a world which discourages dichotomous thinking in the first place, in which more people see the gray between black and white divisions and see that every side of every question that calls for thinking has some 'right' and some 'wrong' in it, and that the resolution lies in some give and take, some negotiation—a world which recognizes the individual's right to be listened to (instead of being dictated to)—will progress toward a culture we can all be proud of." Wait a minute—87 words to say that *we* can *all* be proud of a culture based on each person coming to his *own* conclusions? And in the chapter "Transcending Authoritarian Thinking," Dyer begins a sentence, "We must all band together..."

Maybe *The Sky's the Limit* is a subtle kind of final exam for Dyer's earlier works, to see if readers paid attention and really got the message about simplicity and clarity and not letting any authority figure be your guru and pull your strings. It would be nice to think so. If not, there are nuggets of insight in *Sky,* but most of them are recycled Maslow, Nathaniel Branden, and early Dyer.

Jack Kirwan is a free-lance writer.

HEALTH &WELFARE

(Continued from p. 47.)
(depressed) nervous system.

Finally, we'd like to close this column with a little sleep experiment you can try. *Vitamin B-12* increases the brain's manufacture of RNA and has other interesting properties: it promotes the appearance of colored dreams! We and others have noted this when we have taken high doses of B-12 after a period of abstinence (you quickly develop tolerance to the effect). A dose of 1,000 micrograms is a reasonable adult dose that often, but not always, produces vivid, brightly colored dreams. They may be so vivid that they wake you up. It must be taken *immediately* before going to sleep and seems to work about half of the time. Sweet dreams (or, if you prefer, happy nocturnal hallucinations).

A list of scientific literature on this topic is available through REASON. Send a stamped, self-addressed envelope and ask for H&W references, March.
Durk Pearson and Sandy Shaw are consulting scientists, authors, and TV personalities.

LETTERS

(Continued from p. 10.)
selenium deficiency in spite of numerous experimental and epidemiological studies.

Similar criticisms can be made concernning many nutritional "magic" claims made by Pearson and Shaw in previous columns. These science writers are involved in wishful thinking and sensationalism rather than rational scientific information....

Edward V. Avakian, Ph.D.
Lecturer in Nutrition and Metabolism
University of California, S.B.

Mr. Pearson and Ms. Shaw reply: We are careful in our columns to specify self-experimentation as such. Reviewing our columns, we do not find *any* examples of our use of anecdotal evidence other than our own experiences. Anecdotal evidence, although it cannot prove anything by itself (because it is not statistically representative and because of possible placebo effects), can sometimes provide valuable leads which can then be investigated in the primary scientific literature. The basis for our scientific judgments, including our choices of substances with which to self-experiment, are, first, papers published in primary scientific literature. The list of references we provide for each column are only a few of those on which that column was based. In addition, we have each had hundreds of clinical laboratory tests run during the past 12 years when we have been experimenting with substances with possible or demonstrated (in animals) life-extending properties. These tests indicate that we have not done ourselves harm, and some results (for example, our low cholesterol levels, although we eat a high-fat diet) indicate benefits. The results of our self-experimentation, including our clinical laboratory test results, are discussed in

detail in our upcoming book, *Life Extension: A Practical, Scientific Approach* (Warner Books; expected publication date, May 1982).

Many selenium-deficiency diseases are known in animals, such as turkeys, chickens, hogs, sheep, and laboratory rodents. Selenium is required for the enzyme glutathione peroxidase (although this is not necessarily selenium's only function), an important antioxidant enzyme (destroying toxic peroxides, especially those of unsaturated fats). Humans have the same enzyme. Keshan disease, a cardiomyopathy (pathology of the heart), occurs in humans in areas with low selenium values in foods. In one area of China (Mianning county) which had a high incidence of Keshan disease, children are being treated with sodium selenite to prevent the development of the disease, with excellent results (Chen et al., "Relation of Selenium Deficiency to the Occurrence of Keshan Disease," in Spallholz et al., eds., *Selenium in Biology and Medicine,* Avi Publishing, 1981). Keshan disease in humans exhibits a pathology very similar to that of mulberry heart disease in selenium-deficient swine.

Selenium is a potent immune-system stimulant which has also been shown in a number of studies to inhibit the initiation and/or development of cancer. In the August 15, 1980, *Science,* for example, researchers Greeder and Milner reported: "A wide range of doses of selenium dioxide, sodium selenite, and sodium selenate completely inhibited visible [Ehrlich] ascites tumor growth in mice in vivo." In addition, selenium has shown a strong inhibitory effect on L-1210 leukemic cells, Novikoff hepatoma, R3230 AC rat mammary tumor, two canine mammary tumor lines, and solid tumors from SV40-3T3 cell innoculations (Milner, chap. 13 in *Selenium in Biology and Medicine*). There is a highly inbred strain of C3H mice in which 85 percent of females spontaneously develop mammary tumors. Only 10 percent of females supplied drinking water containing 2 ppm of selenium (as sodium selenite) developed these tumors (Schrauzer and Ishmael, *Ann. Clin. Lab. Sci.* 4:441, 1974).

We are surprised that someone who is a lecturer in nutrition and metabolism is not familiar with these studies. Many more papers on selenium can be obtained by having an inexpensive MEDLARS search (see our December column) done at a medical school or university library offering the service. Our nutritional views are not "magic," as is claimed, but are based on a detailed study of biochemical mechanisms of nutrients. Why doesn't Dr. Avakian give examples of what he considers errors rather than just calling us purveyors of magic?

Further information on selenium can be obtained from *Selenium in Biology and Medicine,* already mentioned, and Klayman and Gunther, eds., *Organic Selenium Compounds: Their Chemistry and Biology* Wiley-Interscience, 1973; see especially the works of Ray Shamberge, G. Schrauzer, Julian Spallholz, and Johan Bjorksten for the relation of and beneficial effects of selenium in heart disease and cancer.

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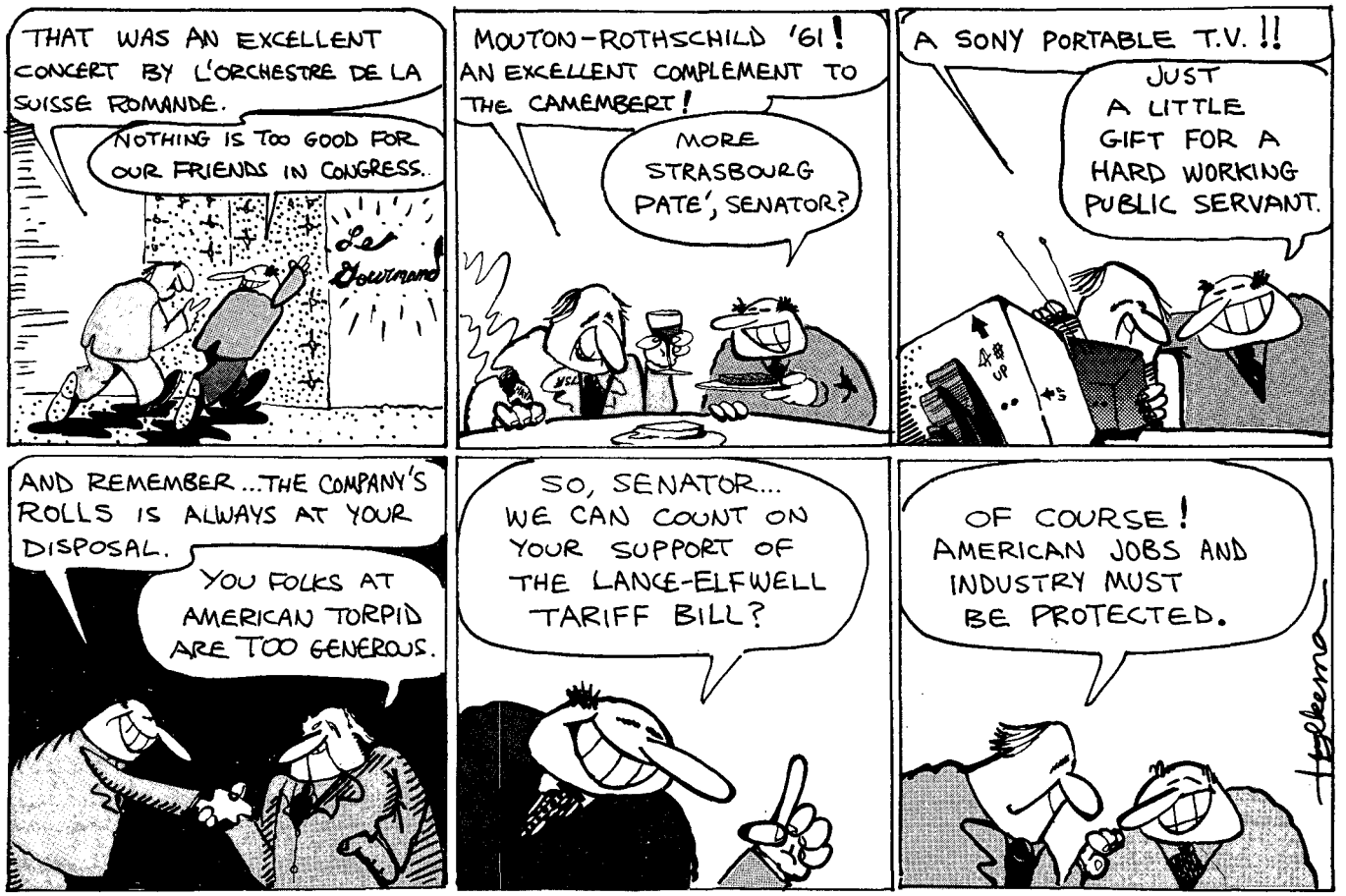
RANDALL K. HYLKEMA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Our sources provide on-the-spot reports, evaluations of gold outlook. The result is unsurpassed coverage of the world of gold, packed into eight concise, readable pages a month. This kind of reporting has given *GOLD NEWSLETTER* a reputation as the gold insider's publication.

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- Rare Gold Coins vs. Gold Bullion: Past Performance and Projection.
- Silver. It's Time To Buy the Poor Man's Gold.
- How Safe is Your Safe Deposit Box?
- Why You Should Own *Both* Rare Coins and Gold Bullion Coins.
- Why Gold and Silver Investors are Turning to U.S. Silver Dollars and U.S. Bullion-Type Gold Coins.
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Please make your check payable to "NCMR"

Remembering numbers is genie work.

Busy Buttons

Turn those innocent little buttons on your telephone into Busy Buttons and release the genie from its little black box.

A fairy tale? The story you are about to read may be true or it may be false.

If the story is false, we've wasted a lot of your time. If the story is true, well...you might just make a lucky discovery. Here's why.

Your push button telephone has a bunch of buttons that make beeping sounds when you press them. The beeping sounds send signals or actually 'talk' to your phone company and its computerized switching system. That's how calls are made.

Now think of it. What if your phone was first connected to your own telephone computer. And what if in your own telephone computer you had a real genie that actually took your command and performed electronic magic on your phone lines. Far fetched? Read on.

WHAT KIND OF MAGIC

What if the system proved to be the fastest and most positive way to reach another person at another phone regardless of whether the phone is busy or whether that person is even near a phone. Enter Busy Buttons.

Busy Buttons is a miniature computer in a small black box. The box is nothing much to look at, measures only 1½" x 5" x 5¾" and in fact most people would probably hide it. The box plugs into the back of any telephone in your house or any multi-line telephone in your office. That's right, just plug it in. No installation, no wires to connect. Just plug it in.

HERE IT COMES

Now here comes the fairytale part. In that black box is indeed a real genie—a small creature so smart that it will understand every command you give it from your telephone's push buttons. No foolin'.

If you dial a number and that number is busy, you tell the genie you're upset by pressing the 'frustration' button—that's the button with a star on it. The genie will first redial that same number ten consecutive times the first minute and then once every two minutes thereafter until it reaches your party. When the call does go through, your genie will then signal you to pick up the phone. And you can still make calls and receive calls in between those times your genie is trying to reach the other party.

But what if there's no answer? After you let your phone ring for awhile, press the 'disappointment' button. The genie will then dial your number every ten minutes for up to ten hours and then signal you when somebody answers.

GENIES NEVER FORGET

"But what if the genie forgets the number it was dialing?" you might ask. The answer is quite logical. Genies never forget. In fact, you can own a genie so smart it will remember up to 176 numbers each up to 32 digits so you can not only dial long distance, you can use your genie to dial the entire 23 digit MCI or Sprint numbers in seconds. Your genie will recognize the tones, the pauses and faithfully dial your number accurately each time saving you tons of money on long distance charges.

"Too complicated," you might say. For your genie it might be but not for you. Remember, you use your own push button phone. There's no other attachment other than that dumb black box where your genie lives. And when you want to dial a number, you dial PAUL to reach Paul, MOM to reach your mom or HAIR to call your hair stylist. Remembering names is easy, remembering numbers is genie work.

THE REAL SHOCK

Ready for a real shock? You only need one genie to cover every telephone in your house or office. That's right. Unlike other auto dialers, one genie is all you need to turn every phone into this fully automatic system. But wait, there's more.

Genies talk differently. The American genie talks very rapidly in tones like most push button phones. There is even a Japanese genie that talks slowly and methodically in a pulsating sound similar to a rotary dial telephone. This means you can use Busy Buttons on push button or rotary dial telephones.

The Busy Button system is quite inexpensive. Genies you see have no minimum wage, are exempt from EEOC, EPA, OSHA, FDA and HEW regulations and don't mind putting in overtime or washing windows.

DIFFERENT VERSIONS

A 176 number Busy Buttons costs only **$200**—the 93 number version costs **$180**. If you want the Japanese Genie, you can have either model for $20 cheaper. And you can order Busy Buttons using your credit card by calling our toll-free number below. (Illinois residents add 6% sales tax.) Or send your check for the amounts listed above plus $4.00 for postage and handling to the address below.

When you receive your Busy Buttons computer just plug it in. That's right, plug it in. Then see how easy it is to program, how easy it is to redial a number either yourself or automatically. If you're not happy with the convenience of the Busy Buttons or the time and money you save from the day you install it, return it anytime within 30 days for a prompt and courteous refund including your $4.00 postage and handling charge. It won't cost you a penny and you won't insult the genie.

At the beginning of this advertisement we told you that the above story may be true or it may be false. Well it's true. There really is a genie in every Busy Buttons. And if you believe that, wait till you hear about our new computerized burglar alarm with its own built-in SWAT team. Order your Busy Buttons at no obligation, today.

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